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# CREDIT

*and Financial Management*

JUL 10 1942

**"United We Stand"**



**JULY 1942**

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Credit in a War Economy—Page 10      War Damage Insurance—Page 13

Small City Problems—Page 16      Four Point Tax Plan—Page 22

# This Simple Statement Blank Sells Itself to Your Dealers

**FINANCIAL STATEMENT OF** \_\_\_\_\_ 5W

Address \_\_\_\_\_ Date \_\_\_\_\_

**TO** \_\_\_\_\_ (Name of firm asking for statement)

[THIS FORM APPROVED AND PUBLISHED BY THE NATIONAL ASSOCIATION OF CREDIT MEN]

For the purpose of obtaining merchandise from you on credit, or for the extension of credit, we make the following statement in writing, intending that you should rely thereon respecting our exact financial condition.

(PLEASE ANSWER ALL QUESTIONS. WHEN NO FIGURES ARE INSERTED, WRITE WORD "NONE")

ASSETS		Dollars	Cts	LIABILITIES		Dollars	Cts
Cash (on Hand and in Bank)				Accounts payable for merchandise, etc., past due			
Accounts Receivable				Accounts payable for merchandise, etc., not due			
(Amount 60 Days Past Due \$ _____)				Acceptances and notes payable for merchandise			
(Amount Sold or Pledged \$ _____)				Owing to finance companies, banks or others			
Notes and Acceptances				(Secured by \$ _____ of accounts sold, pledged or assigned)			
(Amount Sold or Pledged \$ _____)				(Secured by \$ _____ of acceptances or notes pledged or assigned)			
Merchandise (Not on Consignment or Conditional Contract) (Valued at "Cost" <input type="checkbox"/> or "Market" <input type="checkbox"/> whichever is Lower)				(Secured by \$ _____ of merchandise inventory pledged or assigned)			
Other Current Assets (Describe):				Taxes, interest, rental, payrolls, etc., accrued			
				Unpaid city and/or state sales taxes, accrued			
				Notes payable to banks			
				Payable to partners, friends, relatives, etc.			
				Other current liabilities (Describe):			
<b>TOTAL CURRENT ASSETS</b>				<b>TOTAL CURRENT LIABILITIES</b>			
Land and Buildings (Present Depreciated Value)				Mortgage on land and buildings			
Machinery, Fixtures and Equipment (Present Depreciated Value)				Chattel mortgages or liens on mdse. and equip't			
Due from Officers, Partners or Others not Customers				Other liabilities not current (Describe):			
Other Assets (Describe):							
				<b>TOTAL LIABILITIES</b>			
				Net Worth (If Corp., include Capital & Surplus)			
<b>TOTAL ASSETS</b>				<b>TOTAL (NET WORTH AND LIABILITIES)</b>			
ANNUAL SALES.....\$ _____				AVERAGE MONTHLY SALES FOR CASH.. \$ _____			
AVERAGE MONTHLY EXPENSES \$ _____				AVERAGE MONTHLY SALES ON CREDIT \$ _____			
Are you a corporation, co-partnership, or individually owned? _____ Your terms of sale _____							
For what amount are you liable as endorser, surety, guarantor, etc.? \$ _____ Amount of fire insurance on merchandise? \$ _____							
Fire insurance on building \$ _____ Life insurance for benefit of business \$ _____ What amount of merchandise do you hold on consignment of conditional sale? \$ _____ What amount of machinery or equipment is held under conditional sale? \$ _____ (Balance due \$ _____ at \$ _____ per month) If machinery or equipment is under lease contract, state amount of monthly payments \$ _____							
What books of account do you keep? _____ Actual date of last inventory _____							
Title to real estate is in name of _____ If business premises are leased to you, state term and annual rental _____ How long have you been established? _____ Where? _____							
Previous business experience _____							
Name and address of your bank _____							
BUY PRINCIPALLY FROM THE FOLLOWING FIRMS:							
NAMES	ADDRESSES	AMOUNT OWING					

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10.00	1000	19.00	21.35	2500	41.55
			25.50	3000	48.45

# CREDIT

## *and Financial Management*

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#### *A Survey of Trends in Manufacturers' and Wholesalers' Activities*

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## This, Our America!

**IN** these days of stress we Americans are making mental pilgrimage to the past in order to renew in our memory that philosophic concept which helped make our America the great land it is—not only a nation but also a symbol of mankind's aspirations.

What is this concept . . . this America?

Consider with me the lives of two men. One, the historian tells us, is born to a comfortably-placed middle-class family, wealthy enough to educate him well. Slender, loose-limbed, over six feet tall, with no particular grace in bearing, indifferent to personal attire, somewhat cold and reserved in manner, modest and courteous, democratic in sympathy, intolerant of aristocracy, a shy philosopher in appearance but a big property owner in reality—he becomes the spokesman of the average man, fearful of big government, father of the phrase "that government is best, which governs least."

The other is born abroad, described by a contemporary as "the illegitimate brat of a Scotch pedlar." Of average height, slim, ele-

gant in attire, dignified in bearing, he becomes the journalist and pamphleteer, the stabilizer of American public credit, the stimulator of our manufacturing development, a foremost lawyer, spokesman of the industrial and commercial world. Despite his humble birth, he is aristocratic in sympathy, reverent of tradition, advocate of a strong central government, distrustful of broad democracy.

Born into widely-different family backgrounds, political enemies for many years, each finds himself free to think and to act within the country which was native to one and adopted by the other. And today their intellectual heirs are still privileged—a century and a half later—to think and to act within the realm of the common good.

It is not important that we identify them by name for they are significant as symbols of the democratic idea, not as individuals. Yet, let it be added that history knows one as Thomas Jefferson, the other as Alexander Hamilton.

They symbolize America . . . the American dream . . . the American reality!

A stylized, handwritten signature of Henry H. Heimann, consisting of a large, sweeping 'H' and a long, horizontal flourish.

Henry H. Heimann  
Executive Manager, N.A.C.M.



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# What's Ahead on the Economic Front

## *A Discussion of What We May Expect After the War*

**E**ver since August, 1939, nearly three years ago, the peoples of Europe have been engaged in a life and death struggle. About six months ago our Nation was forced into the same struggle. By now the war has spread throughout the World. There is hardly a Nation that is not involved in it, directly or indirectly. This is truly a World War in every sense of the term.

Moreover, this war is a conflict of fundamentals. It is not merely a quarrel for territorial possessions or for certain economic privileges. This is instead a conflict of ideologies, the Nazi vs. the democratic way of life. It is a struggle for a life of freedom and against a life of slavery and tyranny. It is a battle of Right against Might. In a word, we are fighting for our very lives and our way of living which is the only way worth while to us.

Again, this war affects every person in all the Nations engaged in it. None of us are immune. It is a fight on land, in the air, on the seas, and under the water. Nor are there distinct battle lines. No man's land may be anywhere, for every place can now be reached by our advanced and rapid means of transportation. This is indeed a TOTAL war and not only a war waged among soldiers or other armed forces.

### **A Total-War in Many Ways**

**I**T IS A TOTAL war in still another sense, for this war involves all our resources:—manpower, economic, social and moral. This war must therefore be fought on the economic front, the home front, as well as on the battle front.

In this kind of war, the economic front is more important than it has ever been. It is a mechanized war. It requires considerable quantities of equipment of all kinds—small arms, all types of big guns, anti-aircraft, tanks, etc., etc. In the last war it took five men at home to supply one man in the war zone; now it takes sixteen men at home to do the same thing and we are more efficient. It

By  
**Dr. THEODORE N. BECKMAN**

*Professor of Marketing,  
The Ohio State University*

is also a costly war to operate. The cost of one submarine torpedo is about \$20,000.00. It is believed that so far more money has been appropriated for war than we have spent on all wars since the days of George Washington. **THAT IS WHY SO MUCH ATTENTION IS GIVEN TO THE ECONOMIC FRONT.**

### **Many Questions Asked**

**S**O MUCH then is being done with respect to our economic situation that business men, professional men, farmers, workers, consumers, all are puzzled. They do not realize what impact all of this will have upon them and their way of living and doing business. They are raising many difficult and embarrassing questions. They raise such questions as these:

What kind of business may we expect this year and next?

What's going to happen to auto dealers, gas stations, etc.?

Are we really in danger of inflation?

What can I do to hedge against inflation?

What will happen to prices? Can the ceilings be enforced?

But I must have tires. Can't I get them?

Can I buy furniture on the installment plan?

What will happen to credit business?

How are we going to pay for the War?

What kind of economy will we have when it's over?

These and many other such questions are being asked of me and others who might have some answer. All are groping for intelligence on these points. Some, to be sure, still don't realize what's happening. Others are still hoping that it is a dream, even a nightmare, and that they will soon awaken and find everything as

it always was. Still others are stupefied by the revolutionary changes taking place on the economic front before their very eyes.

### **Find Your Own Answer**

**I**T IS my hope and purpose to throw light on this economic situation so that you may figure out your own answers to these questions. Some of the things I will say may be familiar to you, but I may be able to interpret them or put them in their proper place in the whole pattern.

In order to understand what I am going to say about the economic situation we are now facing, we must know what has been happening in that area, and where we are going.

For this purpose I must give you a few figures. I have asked the Bureau of Business Research at the Ohio State University to compile a few figures which I believe important and I want you to take them down, take them home, and think them over.

1. The national income in 1941 was about eighty-six billion dollars, or about 8% higher than in 1929. This year it is estimated at one hundred and six billion, which means the largest purchasing power we ever had in this country.
2. The Business Week Index of business activity is now at about 180 (1923-25 = 100). This makes a rise of about 26% over last year and, according to the New York Times index, it is about 43% higher than at the beginning of the war, August, 1939.
3. Industrial production is 58.5% higher than at the beginning of the war.
4. Employment in manufacturing increased more than 40% since August, 1939, but payrolls in manufacturing practically doubled.
5. The demand for goods is growing by leaps and bounds. People have the purchasing power and want to use it, so that last year's Retail Sales were approximately fifty-five billion, a twelve billion dollar increase over 1939's forty-three billion. This year they are estimated at about sixty-two billion.
6. Government spending is being accelerated. This year they are planning to spend for war forty-two billion and six billion for non-war purposes. Next year they will spend fifty-six billion for war, which is more than the total national income in 1935.
7. Government spending for war means



emphasis on production of war goods. It means that we have to shift production from civilian consumption to the making of war goods. This takes place through priorities, allocations, limitation orders, freeze orders, conversion, etc.

8. Most important is the rise in prices. We have to consider several kinds of prices. The B. L. S. index of wholesale prices, covering about 900 commodities, now stands at 98.7 (1926 prices = 100). This is 18.6% higher than a year ago and 30.1% higher than in August, 1939.

When you divide the wholesale prices up, you reveal that the prices of Manufactured products since the beginning of the war have gone up 23.6%; prices of Farm products have gone up 68.5%; Retail Food products, 26.8%, and Department Store prices, which cover a large variety of merchandise, were up 25.7%.

9. The cost of living has risen 14.4% since August, 1939.

### Is Inflation Imminent?

WHEN the question is asked, "*Is Inflation Imminent? Are We Going To Have Inflation? When Is Inflation Coming?*" the answer becomes apparent.

There are so many people who think any price increase is inflation. There is nothing sillier. Did you ever know of any period of prosperity which was not accompanied by a rise in prices? This is not necessarily inflationary. If prices increase because there is a shortage of supplies, and if that increase in price results in bringing forth more supplies, then it is not inflationary at all. Within reason, these increases are a good sign. When prices go up you try to produce more, you put more people to work, more capital is used, more management ability is utilized so you can take advantage of the increase in price. When the price falls, you cut down all of these things. The only time a rise in prices becomes inflationary is when you have an increase which does not result in additional production because everything is already being used to capacity. This is exactly where we are now. Any rise in prices is inflationary because it does not result in any increase in supply and we already have had a certain amount of inflation, and we are going to have some more; the only thing we can do is to hope that it does not run away with us.

CURRENCY inflation is that which they had in Germany after the last war. Money was issued recklessly

and was not worth anything. There is no real danger of this in the United States. We still remember Germany's bitter experience.

The other is credit inflation, which is just as bad and which we now have and are likely to have some more.

It is easy to understand inflation in the physical world, but more difficult to comprehend in the economic sphere. In the latter case it means purchasing power is going up, but supplies of goods are not increasing at the same rate or not at all. People bid among themselves for the limited supplies. It is not only the amount of purchasing power, but how fast it is being used, or the velocity of its turnover.

### We Now Have a Basis for Credit Inflation

1. Money in circulation is now at the highest point in our history, about eleven and a half billion dollars.
2. Bank deposits which are also purchasing power are now at the highest point, demand deposits of member banks being fourteen billion dollars and turning at the rate of 23 times a year.
3. The Government is likely to borrow a lot more money than they have been borrowing up to now. They will have to make large borrowings to finance the war and this will increase the purchasing power still more.
4. Tremendous increase in purchasing power, which is widely distributed among the lower income classes, i. e., skilled and semi-skilled workers. Unless you do something about that purchasing power, they are going to use it

## How We Help Uncle Sam While Helping Ourselves!

On the following page Dr. Beckman presents 5 ways for easing the pressure of inflation. We all know that we will pay higher taxes—income, sales or excise levies. But when Uncle Sam asks us to buy up to 10% of our income of War Bonds, we not only help Uncle Sam with funds to prosecute the war, but we help ourselves through a topnotch savings plan.

and bid among themselves for the limited supplies that are available for consumption. If it is not controlled, you are going to have inflationary increases in prices.

5. At the same time that the demand for goods is increasing, the supply is being cut down, not because we are not working, or are not employed, but because we need thousands of those people and factories for war production.
6. This means that we have fewer goods on the one hand and more money or purchasing power on the other with which to buy them. That spells inflation.

### What Can Be Done About It?

HOW can we control inflation? Not to prevent it, but to control it. You can control it through several different ways, all done at once.

Six months ago I anticipated the *price control* that we now have. Some of us have realized that the selective price control system will never work as a means of preventing inflation. It will never do to pick out one item here and one there. If you are going to have price control for the purpose of curbing inflation, or keeping it down, you must exercise control over *all* commodities and I want to go on record as saying "including Farm Products as well." You can not leave any part of our economy out of this picture. That also means wage control ultimately. If we can not get this voluntarily, we will have to get it through legislation. We must muster enough courage whereby we can control wages, because they represent one of the most important



items of cost. If you can't control cost, how can you control price? I believe the price control system that we now have is but the beginning of a comprehensive price control which will extend over farm products, ultimately, as well as over wages, voluntary or involuntary.

The President recently expressed the hope that there will be little rationing. I do not see how this is possible. In my opinion, it is not possible to have price control without widespread rationing. I believe that where commodities are short, and we are going to have more and more shortages, widespread rationing can not be avoided. The very establishment of a general price ceiling implies several shortages and thus creates an incentive to hoard.

### Causes for Shortages

**I**N ADDITION, we are actually going to have shortages because of transportation difficulties, because sources of supply have dried up, and for a number of other reasons. We can produce a lot of woolen goods in this country at present, but try to get woolen clothes a few months from now. You probably won't be able to obtain them because the Government will no doubt take a large proportion of such production. Shortages will arise for many reasons, for many items, and if you have price control without rationing, some persons who have the wherewithal and little social consciousness may run down to the store and buy five or six times as much as they really need and force others to go without such goods. The price may be controlled, but if you are not going to be able to get the goods because there will be none, of what value is price control? The main purpose in rationing is to make for equitable distribution of limited supplies that we have. We are going to have a lot more rationing.

We must also *sterilize* or *sop up* a great deal of the purchasing power. Twenty billion dollars is astray looking for some place where it can be spent, where it can be used. Who has that money? Most of it is in the hands of the skilled and semi-skilled workers, the largest percentage of our population. They have the extra money, and if you do not sterilize it in some way, they are going to use it and force a break-through in the price ceilings.

### How to Relieve Pressure

**W**E OUGHT to relieve that pressure. How can we do it? We can do it by:

1. Higher Income Taxes. Broaden the base of the income tax so as to get down to the people earning \$1,500.00 and \$2,000.00 a year.
2. Either a sales tax or higher excise taxes. An excise tax is really a sales tax. It becomes a sales tax when it is applied to everything, whereas an excise tax is applied only to selected articles. I think that this is perfectly justifiable, because people upon whom the sales tax is levied are in a position to take care of it at this time. It is the only way in which they may be made to contribute to the war and at the same time help curb inflation.
3. Higher Social Security Taxes.
4. Savings. Mr. Morgenthau is trying to put on a big campaign for voluntary savings. I believe that on a large scale savings must be forced. People are not going to save enough unless you force them to do it by some withholding method.
5. Credit Control. We already have consumer credit control. According to the latest Regulation W effective May 6, articles bought on the installment plan must have  $\frac{1}{2}$  down except for pianos and furniture, in which case it is 20% down. The whole thing must be paid for in 12 months. Installments must be at least \$5.00 per month and must not be more than one month apart. These regulations are expected to curb somewhat the amount of installment business. In 1941 sales of durable consumer goods were thirteen billion dollars. This year they are down to four billion and the estimate for next year is one and a half billion. We have to assume that, in the near future, probably the production of all durable consumer goods will be stopped, with the exception of articles made of wood. Charge accounts are now regulated for the first time so that you must pay for what you buy by the tenth of the second calendar month, or a maximum of about 70 days. We are going to have control of bank credit through changes in reserves, etc. Just what these credit controls will contribute to the war effort is highly problematical.

**T**HE Chamber of Commerce of Ohio has been carrying on a campaign to economize on non-war expenditures. Suppose you could save a little—remember many of these non-war expenditures are really war expenditures. The Department of Commerce, for example, is really working on war problems at the request of Mr. Nelson or Mr. Henderson or their subordinates. Very little can therefore be saved by reducing non-war expenditures of the Federal Government.

Increased production is another way in which we can curb inflation, but this is practically impossible now, especially for civilian purposes.

One other point—What can you do to hedge against inflation? During the last war, one of the things people did as a hedge was to buy a lot of common stocks. This is no good now. What chance is there for dividends when profits are being cut down to the very minimum? Then they also bought up some commodities as an investment against inflation. This is no good now, because of the price ceilings.

People used to buy real estate as a hedge. What kind are you going to buy? Business real estate? There are no doubt going to be a lot of businesses closed and many empty stores next year, partly caused by shortages of durable goods. Homes? If you sell them soon enough, but if you don't and the War stops, we are likely to have the biggest construction boom we have ever had stimulated by the Government through various incentives in order to keep economy going. Where is your old house going to stand against the new buildings with modern improvements?

### Farm Labor Serious Problem

**U**P until recently farm land was a good investment, but so many other people have thought of this that prices have already gone up and the farm labor problem is really a serious one unless you are going to operate the farm by your own labor.

There is really no sure way to hedge against inflation as we used to do. The best thing we can do is to see that inflation of the runaway type does not come. We must all bear the risk of inflation, so let us curb it and keep it definitely under control.

In the beginning I said that this is a TOTAL war, which must be fought on many fronts. One of these fronts is public opinion. It is up to us to maintain the morale and good spirits of the people. If it is important in totalitarian states as witnessed by the high position occupied by Goebels, it is even more important in a democracy where the people still have the final say.

Remember, we are all in the same boat. None of us are safe against attack. [Continued on page 18]

# Our War Production Job

## *How It Affects Peace Time Trade*

**Q** How big is our war production job? What progress are we making toward getting the job done? What can we do to get the job done faster?

Frankly, the picture is so complex, and involves so many different problems and different angles, that all I can do, is simply touch upon the high spots.

Let's take first the question of the size of the war production job, in terms of the major items to be produced.

Shortly after the turn of the year, the President gave us the measure of what we are expected to produce.

This country is supposed to turn out from 4,000 to 5,000 tanks per month.

It is expected to produce from 4,000 to 5,000 airplanes per month.

It is expected to produce from 60 to 80 ships per month.

And tanks, planes, and ships require guns and ammunition in enormous quantities.

### The Army Behind the Army

**W**E are building up a tremendous armed force, to man the guns on our planes, tanks, and ships. These soldiers must be fed and clothed and housed and trained. How many men we can actually support in active service I am frank to say I don't know, because the job of feeding and clothing and housing and training the men in our armed forces is in itself one which will take enormous quantities of supplies, and will add just that much more to the production load which the industries of this country must carry.

In view of the nature of this war, with the fighting front thousands of miles away from home, our soldiers, our guns, our tanks, and our ships, and all of the other personnel and equipment which go to make up powerful fighting forces, must be transported to the scene of actual warfare.

This job puts a strain upon the internal transportation facilities of this

By **GEORGE T. TRUNDLE, Jr.**  
*President, The Trundle Engineering Co.,  
Cleveland, O.*

country, but that strain will be nothing compared to the strain put upon our facilities for crossing the ocean—or, I should say, crossing two oceans, both the Atlantic and the Pacific.

Remember, we have only two ways of crossing an ocean. That is, by boat or by plane. Very little can be carried by plane. Most of our men and most of our supplies must be carried by boat. When supplies are carried by boat, supply ships must be convoyed. A navy cannot fight and convoy at the same time.

### A Double Problem in Transportation

**R**IGHT now we need more ships to carry supplies to fighting fronts. But the more ships we can build and launch which are capable of carrying supplies, the more warships and planes we need to protect those supply ships in transit. Therefore, our shipbuilding problem and our problem of protecting our shipping of men and supplies to destinations East and West, is one which staggers the imagination.

I have not yet even mentioned the thousands upon thousands of miscellaneous items which must be supplied to our armed forces in order to make their fighting equipment complete.

We must have jeeps and armed trucks.

We must have trucks for troop transport.

We must have vehicles for handling munitions.

We must have lighting equipment, and radio and communication systems.

As a matter of fact, the list of miscellaneous supplies required by the Army, and the Navy, and the Air Force, if they were all assembled in one book, would, I firmly believe, make a book about the size of the telephone directory of Cincinnati, and

would embrace something of almost every product known to our entire industrial civilization. It would take all night—in fact, it might take several days—for me to read you the entire list.

### Speed a Big Factor

**N**OW—how in the world are we going to be able to make all of these things within the time required, in the quantities required?

How are we going to get ready for our boys, who are going to do the fighting, all of the things which they must have in order to do the job and do it well?

And how are we going to build the ships to carry all this material and all these men to the fighting fronts, and protect them in transit?

Gentlemen, that is the job before the country's armed forces and the country's War Production Board today. It is probably the biggest job ever presented to any country in the history of the world.

But the responsibility of getting the job done falls, in the last analysis, upon the manufacturing enterprises of the United States; and the men and women now engaged, and who can in the future be engaged, in industrial production.

The fact is that to get this job done every single man and woman capable of doing a good day's work must, directly or indirectly, get behind our war production job.

### 18 Men Behind the Line

**W**ITH war mechanized as it is today, it has been reliably estimated that it requires eighteen people, gainfully employed, to keep one man on the firing line.

These eighteen people are made up of war reserve, supply and communications personnel; people directly engaged in war production; people engaged in making the materials going into war production; and people engaged in maintaining the services such as power, water, etc., necessary



to keep our manufacturing enterprises functioning.

Well—we've been talking about an army of at least five million. Now, on the ratio of 18 to 1, this would mean that we would have to have ninety million people employed directly or indirectly in the war effort, to keep five million men at the front.

But of course we can't get that many people. Our population is not big enough. In the past, the greatest number of people gainfully employed has been about forty-eight million. And, of course, if we should get an army of five million, only a part of five million could be kept at the front at any one time.

### A Job for Everybody

**N**EVERTHELESS, I think these figures show conclusively that in order to put the maximum degree of fighting manpower into the field, we shall have to put to work, on our war production job, everybody in the United States capable of helping in any possible way, directly or indirectly.

This is why we cannot today continue indefinitely with the manufacture of strictly peacetime products.

This is why we must give up new cars, new radios, new vacuum cleaners, and new washing machines.

### Machines Needed for War

**W**E must give these things up, because the men and the machines and the materials involved in the production of these peacetime products must today be used, instead, for the production of the tanks, the planes, the guns, the ships, and the thousands of other items required by the armed forces of our country.

This change-over from peace production to war production is today going on at an accelerated pace. It is called "conversion."

It is not easy, and it is not comfortable.

Consumers don't like it. They are getting good money, in their pay envelopes today, but they can no longer get many of the things they would like to buy with that money.

Many manufacturers are not happy about it. They have carefully built up markets for their peacetime products, over a period of years. Suddenly they are asked to discontinue the manufacture of their former products. They will have nothing to sell

to their old customers. They may lose their markets. Furthermore, they are faced with difficult technical problems, in converting their plants from the making of peacetime merchandise to the manufacture of implements of war.

### The Problem We Face

**W**E are in a war. We are in the most difficult war this country has ever faced. We are in it up to our necks. The question today is not what is comfortable or easy. The question is—what must we do to survive?

The hard fact is that if we are going to survive, we must outproduce the enemy, and to out-produce the enemy we must convert our peacetime plants to wartime plants.

And to any consumer who complains about conversion, to any manufacturer who complains about conversion, I have only this to say.

The foremost example of conversion in the United States is the buck private in the Army.

He has been converted from a shipping clerk, or a gasoline station attendant, or a farm hand, or a retail salesman, into a hard-muscled, hard-hitting, fighting "son-of-a-gun." He has given up, for the time being, his future, his ambitions, and his home and family life. Whether he ever comes back from the fight out there, or whether he doesn't, is in the hands of Fortune.

### No Kicks from the Front

**B**UT I don't hear him kicking about it. And I think that all of us back home had better take the idea of conversion, and like it. Whether we like it or not, it must happen. It must be done. And the faster we can get it done, the faster we will win this war, and be able to get back to our former peacetime pursuits and habits.

We have always had so much of everything, in these United States, that it is difficult for us to realize that today we must husband all of our resources, of every possible description, toward the one single objective of war production.

Take materials, for instance. In past years we hardly gave this subject a thought. But what is the picture today?

The Japanese have cut off our supplies of tin and rubber.

Our steel industry desperately needs scrap in order to increase its rate of production.

There isn't enough aluminum to take care of the war production needs. There isn't enough nickel to take care of the war production needs.

Materials conservation has become one of the nation's primary problems.

### Collect All Waste Material

**I** URGE you, every one of you, to do everything you possibly can to establish, in your particular community, maximum collection of waste and salvage materials—especially old iron, old aluminum, old jar tops (for they contain zinc), old tires, paper, rags, and anything else which has a salvage value.

The important thing is to get this scrap gathered together and put back into circulation. In most communities this can be done if every household takes all of its waste material and simply puts it in the rubbish can. Most municipalities have salvage facilities. The contents of household rubbish cans are sorted out, and any materials in that rubbish that are useful in the war production program find their way back into proper commercial channels.

Now—let's take the question of men. You would think, offhand, that there was plenty of manpower in the United States to do any job we undertook. But with the number of productive hours required behind the lines to keep each soldier at the fighting front, this is no longer true.

The armed forces are taking, from our factories and our farms, hundreds of thousands of men upon whom, under ordinary circumstances, we would rely for first-class productive work. And at the same time our production load has been multiplied many times over.

### Older Men Called Back

**T**HIS means that we must call into the war production program men who, under normal circumstances, might not be working in our industrial picture. We must get back into the factory older men who have had shop experience but who have since retired.

These men are of particular importance, because they have the experience and the skill which qualify them for the teaching of the hundreds of thousands of new men whom



industry must now train for war production jobs.

Furthermore, I believe that most industries might well prepare right now for the employment of women. Remember, there must be some advance preparation for this step. There must be special facilities, if women are to be employed; and there should be women supervisors, with some degree of training, on hand to help take over the management and the handling of women employees when they arrive for the first time at the plant gates.

There is no reason why women today cannot do many of the jobs which are now performed by men. With machines perfected as they are today, production jobs involve more and more the exercise of intelligence rather than the exercise of muscle. Women showed in the last war that they could do, and do well, many of the jobs done by men. With the advancement in production machinery which has taken place since the last war, women today should be able to take over even more of the country's production jobs, to whatever extent this may be required.

#### All Facilities Required

WE started out, you may recall, in this war production program, with the idea that we were going to produce everything needed for the war program—"national defense," we called it then—without interfering with peacetime production.

So we began to build vast new plants and vast quantities of new machine tools to equip these plants.

This program made substantial progress—but it did not achieve results at the rate which was required by the emergency.

With Pearl Harbor we realized, at last, that if we were to get this job done in the volume required and within the time required, we would have to devote, toward war production, *all* of the production facilities of the entire country. It is that realization which has led to the program of conversion which I mentioned earlier in my talk today.

Conversion is simply another way of saying that we cannot wait for new buildings and new machines to be built to supply all of our war production needs. Time is too important.

#### Pay-as-You-Go to Be Tested by Army

A test is to be made at Fort Bragg, N. C., of a new pay-as-you-go plan among enlisted men. After August 1st, when the pay-increase goes into effect, no "charges" are to be made at post canteens and men will be expected to pay cash for all expenditures.

MUCH of the existing equipment not yet used in war production may be old and may be semi-obsolete. Much of it may not be adaptable to some types of war production. But practically every plant, and every machine, in the United States can be used for *some* particular war production purpose. That purpose must be found, and they must be put to work!

The all-important fact to remember is that we have no surplus today, of materials—and we have no surplus of men, especially skilled men.

And when we devote materials and skilled men towards the building of new plants and new machines, we are taking that much skill, that much manpower, and a share of our desperately-needed materials, away from immediate production for war, and diverting it towards preparation for production for war. I maintain the time has come when we must stop *preparing* for war production and actually devote all of our facilities to *war production itself*. We have spent too much time getting ready to begin to prepare to start! It's up to us right now to *produce*.

#### Our Record Is Excellent

FORTUNATELY, we have already made an amazing record in actual production.

Planes, tanks, guns, and ships are now rolling in quantities which would have seemed unbelievable only a year ago.

It is my firm belief that the 1942 war production program announced by the President just after the turn of the year will not only be met, but, in respect to certain items, will actually be exceeded!

I spend considerable time in Washington, and I can assure you, on the basis of my own personal experience,

that the War Production Board, under the able direction of Donald Nelson, is really getting things done.

All of the people in American industry, employers and employees alike, are now, I believe, beginning to realize that *all* facilities, *all* manpower, and all materials in the country, must be concentrated upon the single job of production for war.

But of course today's remarkable output of planes, tanks, guns and ships does not reflect the conversion program. The results of this program will come later. They will give us the added margin of supplies and equipment that will enable us to win.

#### America's Industrial Genius

THE tanks, planes, guns, and ships that are rolling off the line today are the results of the nation's earlier production planning; and the volume in which they are being produced today is a wartime proof of American industry's genius for mass production—the same genius which, in peacetime years, accounted for our incredible production of automobiles, refrigerators, vacuum cleaners, radios, and the like, by comparison with the production of other countries.

Mass production has a technique of its own which I believe even comparatively few people in this country understand.

They are rolling in quantities which I firmly believe will shortly stop the Axis powers and enable this country to step actively into offensive warfare.

But,— this production is not enough. We must have the *added* production which we can get by converting factories now manufacturing peacetime products to the manufacture of wartime products. There is not enough time to wait for new buildings and new machines, to build up the surplus production which we must have today.

This war is fundamentally a battle of production. Since it is total war, we must have total production.

We must supplement the production of wartime plants, already turning out enormous quantities of material, with the production of plants, large and small, which have until now been making peacetime merchandise, but which can and must be put to work to give us the added margin of production needed for victory.

# Credit in a War Economy

## *Varied Problems Challenge Executives*

**EN** The varied credit problems which have developed in connection with industry's all-out war production effort present a real challenge to the keen-sighted credit executive. His measured judgment during these trying times may well have a definite effect upon the future progress of the firm which he represents.

Overnight tremendous war contracts have magically expanded many small businesses into large ones, and likewise have taxed the producing resources of the larger concerns. Certain manufacturers with modest current assets and a low line of bank credit find that the large war orders they have obtained have, in turn, strained their cash position.

Consider the problem of the manufacturer already in a weakened financial condition and who then receives a large war order. The banker asks for protection to cover the prospective loan. If the available security is not sufficient to support an open line of bank credit, the banker may turn to the Assignment of Claims Act of 1940. Under this Act manufacturers handling substantial defense contracts are assisted by the Federal Government in obtaining bank credit, through permitting payments from the Federal Government due or to become due on a contract of \$1,000 or more to be "assigned to a bank, Trust Company, or other financial institution including any federal lending agency."

### Here "Capacity" Is Important

**W**HEN such accounts are assigned, the Government makes its payments direct to the bank but only upon the satisfactory fulfillment of the contract requirements by the manufacturer. Therein lies a pitfall for the unwary credit granter. If the finished products fall short of acceptance, the assigned receivables will not be paid by the Government and the manufacturer may become financially involved.

By **EARL N. FELIO**

*Assistant Treasurer of  
Colgate-Palmolive-Peet Company*



A prerequisite to granting a loan or extending open account credit to such concerns should include a check on their actual operations and a qualified opinion regarding the skill and the ability of the management to fill contracts. However, if a substantial line of credit is granted be sure to keep up to date on the economic picture and regulate line so it does not pyramid as a sudden ending of the war may result in certain extended or marginal businesses literally throwing up the sponge.

The war production tempo has not only affected manufacturers of war products, but it has likewise affected those manufacturers of other than war products who use raw materials which are now on the priority list.

Your experience in selling these firms may show that they have discounted all purchases in the past. However, there is a danger in blindly checking credit to such firms based only on previous paying experience and through reliance on old credit files. Their inability to secure certain raw materials may have completely changed their financial standing.

### Are His Materials Available?

**T**HE credit man should familiarize himself with this type of business,

particularly to satisfy himself that the sources of the raw material available to the manufacturer are sufficient for his needs or that the manufacturer is able to obtain satisfactory substitutes.

We have had interesting experiences with several such accounts. The first account was a small perfume manufacturer. His paying record with us was quite satisfactory although his financial resources were very modest. Priorities cut off his supply of alcohol and he is no longer in business.

A second firm was a manufacturer of a toilet article. He had purchased a large supply of bottles for the 1942 sales, but due to the difficulty in getting the main ingredient in his product, he has been forced to cut his production drastically and is now endeavoring to switch to an entirely different line.

### Credit Problems in the Drug Trade

**L**IKE ourselves, many manufacturers distribute a large volume of their products through the wholesale and retail drug trade. Fortunately, this important industry has not been seriously affected by the recent price freezing edict as a high percentage of all items sold in drug stores have been on "fair trade" for some time.

Stores featuring private brands might have a price "Lag" problem, but largely this is a problem peculiar to the food industry. Nevertheless, there are other things to worry about, the most important of which is the inability of many manufacturers to produce enough to meet the consumer demand.

For example, as a Company, we have the problem of securing containers for toothpaste. The tin formerly used in collapsible tubes is now on the priority list. Other companies are experiencing similar difficulties. Washington reports that there are 1,700,000 retailers of all kinds which are facing the problem of how to ob-







# FINANCIAL STATEMENT OF



Address \_\_\_\_\_ Date \_\_\_\_\_

TO \_\_\_\_\_

(THIS FORM APPROVED AND PUBLISHED BY THE NATIONAL ASSOCIATION OF CREDIT MEN)

For the purpose of obtaining merchandise from you on credit, or for the extension of credit, we make the following statement in writing, intending that you should rely thereon respecting our exact financial condition.

(PLEASE ANSWER ALL QUESTIONS. WHEN NO FIGURES ARE INSERTED, WRITE WORD "NONE")

ASSETS		Dollars	Cts.	LIABILITIES		Dollars	Cts.
Cash (on Hand and in Bank)				Accounts payable for merchandise, etc., past due			
Accounts Receivable				Accounts payable for merchandise, etc., not due			
(Amount 60 Days Past Due \$ _____)				Acceptances and notes payable for merchandise			
(Amount Sold or Pledged \$ _____)				Owing to finance companies, banks or others			
Notes and Acceptances				(Secured by \$ _____ of accounts sold,			
(Amount Sold or Pledged \$ _____)				(Secured by \$ _____ pledged or assigned)			
Merchandise (Not on Consignment or Conditional Contract) (Valued at "Cost" <input type="checkbox"/> or "Market" <input type="checkbox"/> whichever is Lower)				(Secured by \$ _____ of merchandise inventory pledged or assigned)			
Other Current Assets (Describe):				Taxes, interest, rental, payrolls, etc., accrued			
				Unpaid city and/or state sales taxes, accrued			
				Notes payable to banks			
				Payable to partners, friends, relatives, etc.			
				Other current liabilities (Describe):			
<b>TOTAL CURRENT ASSETS</b>				<b>TOTAL CURRENT LIABILITIES</b>			
Land and Buildings (Present Depreciated Value)				Mortgage on land and buildings			
Machinery, Fixtures and Equipment (Present Depreciated Value)				Chattel mortgages or liens on mdse. and equip't			
Due from Officers, Partners or Others not Customers				Other liabilities not current (Describe):			
Other Assets (Describe):							
				<b>TOTAL LIABILITIES</b>			
				Net Worth (If Corp., include Capital & Surplus)			
<b>TOTAL ASSETS</b>				<b>TOTAL (NET WORTH AND LIABILITIES)</b>			

ANNUAL SALES \$ \_\_\_\_\_ AVERAGE MONTHLY SALES FOR CASH \$ \_\_\_\_\_  
AVERAGE MONTHLY EXPENSES \$ \_\_\_\_\_ AVERAGE MONTHLY SALES ON CREDIT \$ \_\_\_\_\_

Are you a corporation, co-partnership, or individually owned? \_\_\_\_\_ Your terms of sale \_\_\_\_\_  
For what amount are you liable as endorser, surety, guarantor, etc.? \$ \_\_\_\_\_ Amount of fire insurance on merchandise? \$ \_\_\_\_\_  
Fire insurance on building \$ \_\_\_\_\_ Life insurance for benefit of business \$ \_\_\_\_\_ What amount of merchandise do you hold on consignment of conditional sale? \$ \_\_\_\_\_ What amount of machinery or equipment is held under conditional sale? \$ \_\_\_\_\_ (Balance due \$ \_\_\_\_\_ at \$ \_\_\_\_\_ per month) If machinery or equipment is under lease contract, state amount of monthly payments \$ \_\_\_\_\_  
What books of account do you keep? \_\_\_\_\_ Actual date of last inventory \_\_\_\_\_  
Title to real estate is in name of \_\_\_\_\_ If business premises are leased to you, state term and annual rental \_\_\_\_\_ How long have you been established? \_\_\_\_\_ Where? \_\_\_\_\_  
Previous business experience \_\_\_\_\_  
Name and address of your bank \_\_\_\_\_

## BUY PRINCIPALLY FROM THE FOLLOWING FIRMS:

NAMES	ADDRESSES	AMOUNT OWING

The foregoing statement has been carefully read by the undersigned (both the printed and written matter), and is to my knowledge, in all respects complete, accurate and truthful. It discloses to you the true state of my (our) financial condition on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_. Since that time there has been no material unfavorable change in my (our) financial condition, and if any such change takes place I (we) will give you notice. Until such notice is given, you are to regard this as a continuing statement. The figures submitted are not estimated. They have been taken from my (our) books and physical inventory taken as on date shown.

Name of Individual or Firm \_\_\_\_\_  
If Partnership, Name Partners } \_\_\_\_\_  
If Corporation, Name Officers } \_\_\_\_\_  
Date of Signing Statement \_\_\_\_\_ Street \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_  
Witness \_\_\_\_\_ Signed by \_\_\_\_\_  
Residence Address of Witness \_\_\_\_\_ Title \_\_\_\_\_  
Sum 101\*

A simplified financial statement form published by N.A.C.M. and used by many Credit Departments

PANY, Jersey City, New Jersey.

"Please help us by not making it necessary for salesmen to call for your payment. THANK YOU."

We likewise have furnished our salesmen with suggested collection letters which they may write to their customers in lieu of a personal call, thus saving tires.

## Transportation Problems

INCIDENTALLY, the lack of transportation facilities presents an increasingly serious problem to wholesale and retail drug salesmen in contacting their accounts regularly.

Working in conjunction with our sales department, our Credit department, has just completed increased credit lines on certain accounts to permit less frequent calls, but larger orders on each call. If the credit man, through reanalysis of his credit lines, can help to solve that problem, he is doing a constructive service.

No matter how cooperative the credit man may be, there are bound to be some casualties along the business road. Generally there are warning signs like the bubbling over of the Indicator Pool at Old Faithful Geyser in Yellowstone Park, which

occurs just before Old Faithful itself spouts, showering the spectator with spray! How much attention do you pay to suit notices covering action taken by other concerns. I strongly advocate attention to these warning signals through the use of a service which lists all legal actions. Investigate these suits and if they are not of a minor disputed nature take prompt steps to collect your money.

Don't wait until your bill is—so many days, weeks, or months—past due. Get on it promptly and avoid a potential loss.

HAVE you established automatic revision service through your Credit Interchange, on your larger marginal accounts? Such regular Automatic Revision reports from Credit Interchange will enable you to chart a possible downward trend in customers' paying habits in sufficient time for you to reduce or withdraw your line without loss. Relying upon only occasional Interchange reports will not bring you these

all important warnings that Automatic Revision service will give you.

Have you streamlined your collection system? This certainly is a time when each house should set a definite length of time for payment of invoice and should enforce that policy.

Remember, the older an account becomes, the harder it is to collect.

If a failure does occur, let us all work together with the Creditors Committee formulated by our fellow credit men. Prompt coordinated action taken through your local Credit Men's Association can accomplish remarkable results in restoring a sick business and at the same time bringing a maximum return to creditors.

As brought out in the discussion on the convention floor at the Cincinnati Credit Congress, the Adjustment and Collection Bureaus of your local Credit Men's Associations are likewise equipped for and are doing constructive work in handling the operations of the business whose owner has been inducted into military service.

NO ENVELOPE IS REQUIRED  
JUST FOLD, STAMP AND MAIL

# War Damage Insurance

## Government Provides Insurance Protection Against Enemy Air Raid or Bombardment

**ON** July 1, if you have not applied for and received enemy air-raid or bombardment insurance on your property, you alone will have to bear the brunt of such war damage destruction as you may sustain.

If you feel you want Uncle Sam to shoulder the burden for you, pick up your telephone and call your insurance agent or broker to cover you in the War Damage Corporation of the RFC.

Briefly, it all came about like this:

On December 13, 1941, immediately following air raid scares on both coasts, President Roosevelt announced, through Secretary of Commerce, Jesse Jones, head of the RFC, that \$100,000,000 was immediately available to pay property losses due to enemy action.

Fortunately, so far, there has been no call on this fund in the continental United States but, as New York State's Superintendent of Insurance, Louis H. Pink, remarked, there never was a finer example of expert public relations.

Public morale in wartime, as we all realize, is of prime importance. While actually intangible, the reflection of high morale may be seen in the decidedly tangible increased war production so vitally necessary now.

### When Insurance Is Like Gold

SOME of us look upon insurance as an intangible something; upon our insurance policies as pieces of paper for which we pay a premium charged on the books as "expense." But let a loss covered by that policy occur and it becomes a very valuable document, a veritable gold bond which may represent one's entire estate.

From the credit man's viewpoint, war damage insurance is applicable wherever the need for fire insurance has appeared—for his own firm's

By **A. WILBUR NELSON,**

*Insurance Editor and former Assistant to the General Manager, in charge of Public Relations, National Board of Fire Underwriters.*

properties and for his firm's customers, where fire losses might impair credit standing.

The N. A. C. M. Insurance Statement might well include now the question:

"Are your buildings, contents, equipment, etc., properly protected against enemy air raid and bombardment with insurance in the United States Government War Damage Corporation?"

No wonder, then, that such an announcement as the above allayed the fears of millions of people who visioned the destruction of their homes and places of business by bombing.

However, it was realized that \$100,000,000 would not go very far if destruction from enemy bombing was very severe, so on February 3, the United States Senate passed a bill providing the Reconstruction Finance Corporation with \$1,000,000,000 for its War Damage Corporation subsidiary.

On March 18, the House passed the measure on to the President, whose signature ten days later made it law.

### Free Up to July 1

UP TO now, Government bombardment insurance has been free.

From now on, it must be paid for.

The rates are low and the coverage is simple but the new War Damage Corporation insurance must be applied for through any recognized insurance agent or broker or other insurance producer on the appropriate application form prescribed by the WDC. The producer in turn will transmit your application, together with your remittance in full payment of the required premium to the insur-

ance company which, in the meantime has signed up with the War Damage Corporation as duly appointed fiduciary agent.

Within the past ninety days, all the mechanics of administration, rates, distribution, etc., have been worked out in Washington between members of Jesse Jones' RFC staff, state supervisory officials and executives of stock, mutual and reciprocal insurance interests.

The plan, as developed, provides that the Government assume the substantial burden of damage from bombing and other acts of war, as was considered proper, with only limited risk to the funds trusted to the companies for other purposes.

The sale of the coverage to the people, the management, the collection of premiums and the handling of losses are to be carried on by the insurance companies of all types and kinds and by the producing forces, just as ordinary types of insurance are managed and sold. All services are to be given at cost.

### To Utilize Existing Facilities

IN a recent address, Insurance Superintendent Pink of New York, speaking of the alarm and criticism throughout the country because of the number and complexity of overlapping government agencies having to do with the running of this stupendous war, declared that the Reconstruction Finance Corporation, under the able and experienced leadership of Jesse Jones, while admittedly over-burdened with work has not joined in the scramble for position and for power. It seeks to do its extensive work in a businesslike way, with as little machinery as possible. It seeks to use agencies which are already set up and capable of doing a job, rather than create new and needless bodies which only waste the man power and the resources of the nation.





View showing section destroyed by fire after an enemy raid. Picture on page 15 shows one of the results of a bomb explosion in an office building.

"The War Damage Corporation," he said, "will utilize the machinery, the skill, the experience of our great institution (insurance) in the most extensive insurance operation yet seen in the world—the protection of the dwellings, the business structures, the industrial plants and the tools and personal effects of all the people of this great land. It is due to the willingness and the ardent desire of the insurance industry to serve the country in its time of trial without seeking any profit that this great national enterprise can be carried on by the War Damage Corporation with a skeleton staff and with nominal cost to the nation."

#### Rates for One-Year Period

**POLICIES** will be issued for a twelve-month period to cover loss of real and personal property which may result from enemy attack or action of our own forces in resisting enemy attack.

Excluded from coverage are sabotage, capture, seizure, pillage, looting, use and occupancy, rental value and other indirect loss or consequential damage. Excluded also are losses incurred in black-outs but which are not due to enemy action.

The following rates have been established: Growing crops, 5¢ on \$100; farm buildings, dwellings, rural and urban, including contents, 10¢ on \$100.

No coinsurance will be required on farm buildings and dwellings, but on all other property a 50% coinsurance will be required, with fixed credits from established rates for coinsurance above 50 per cent.

#### Table of Rates

(Figures in cents)

	—Construction— Fire Resis- tive	Ordi- nary	Non- Class- ified
Churches, hospitals, public buildings .....	10	15	...
Apartments, office build- ings, warehouses .....	15	20	...
Manufacturing plants, wharves, bridges ....	20	30	...
Railroads and public utilities .....	...	...	30
Rolling stock .....	...	...	25
Roadbeds and trackage. ....	...	...	10
Floater for movable property (with 100 per cent coinsurance mandatory) .....	...	...	25
Property in transit .....	...	...	3
Vessels under construc- tion .....	25	37½	...
Vessels devoted to stor- age or industrial use. ....	50	75	...
Ferries, commercial hulls, storage cargo, pleasure craft .....	50	75	...
Pleasure watercraft and pleasure aircraft (when not in use)....	...	...	25

#### Certain Forms Not Covered

**N**O protection will be given for accounts, bills, currency, deeds, evidences of debt, securities, money and bullion.

Jewelry, furs, precious and semi-precious stones, statuary, paintings, pictures, etchings, antiques, stamp and coin collections, and manuscripts will be protected for individual owners up to \$10,000 with a \$5,000 limit for any one article, and for museums and dealers up to \$100,000 with a \$5,000 limit for any one article.

Jewelry and furs up to \$1,000 may be included as residential contents under the 10¢ rate. Growing crops will be protected up to \$100,000 per single owner; pleasure watercraft and aircraft up to \$10,000 while not in use.

**POLICIES** may be issued only through a Fiduciary Agent, and

only one policy shall be permitted to the Insured on any one property (or group of properties, if written blanket) and only one policy shall be permitted to the Insured for any of the following types of coverage:

1. Properties at fixed locations, and vehicles when specified (including pleasure air craft or water craft while laid up ashore or afloat).
2. Property in transit.
3. Builders' risk on hulls.
4. Cargo stored afloat.
5. Hulls.
6. Growing crops and/or orchards.

The applicant shall apply for insurance through any producer, on the appropriate application forms prescribed by the War Damage Corporation.

Applications transmitted by the producer to the Fiduciary Agent, or insurance company, shall be accompanied by cash, money order, or check in full payment of the required premium. Money orders and checks shall be drawn to the order of the Fiduciary Agent to which the application is transmitted. The application and the schedule (if any), a copy of which shall be attached to and form a part of the policy, will contain the only description of the property insured.

The producer's acceptance of the application does not constitute a binder. The insurance applied for shall not take effect until the "Effective Date" which is the date on which the application is received and date-stamped by the Fiduciary Agent.

Insurance will be written only on the form of policy prescribed by the War Damage Corporation and will cover only direct physical damage to or loss of the property insured. The policy does not provide consequential coverage, such as use and occupancy, rent and rental value, or coverage for other indirect losses.

**T**HE WDC policy may be cancelled





It's this kind of War Damage that is covered by the War Damage Insurance which is described in Mr. Nelson's article. . . . The Editors are indebted to the publishers of THE SPECTATOR, of Philadelphia, Pa., one of the leading insurance publications, for the use of these pictures which first appeared in the June 11th issue of THE SPECTATOR, Property Insurance Review number. The pictures are from British Official Photos, supplied to THE SPECTATOR by the British Information Services.

only in case of change in ownership of the property or the insured's interest or it may be cancelled by the WDC if issued in violation of the WDC Regulations. In either case, the "pro rata" net premium is returned.

The policy may, upon application, be reduced or increased in amount as the insured's interest may change or to cover property in additional amounts or at additional locations.

Where more than one property is under the same ownership whether at one or more locations, all such properties may be insured under one policy for an amount of insurance covering blanket on all such properties, provided the application (and the schedule, if any) shall set forth the approximate distribution of the total coverage on all such properties according to the respective States, Territories, possessions, and coded cities of location. The rate for blanket insurance shall be the rate for the highest rated building or location. The "Pro Rata Distribution" clause in the policy applies with respect to blanket insurance written subject to less than 90 per cent coinsurance.

**Mortgage or Financial Interests**

**P**OLICIES may be issued to mortgagees or other holders of security or financial interests in property eligible for coverage under these regulations.

The application forms include a loss payable provision, and in any case where the applicant desires that payment under the policy be made to any party in interest in addition to the insured, the loss payable provision must be completed properly. No "mortgagee clause" will be attached to the policy.

In the event of loss, the insured shall give immediate written notice to the Fiduciary Agent through which the policy was issued, and the insured

shall comply with the provisions of the policy relating to "requirements in case of loss." Adjustment and settlement of the loss will be effected in accordance with the WDC established procedure.

The minimum premium shall be \$3.00 per policy.

The "other insurance" clause of the policy provides that if there is any other insurance covering the property, whether prior to, subsequent to, or simultaneous with the insurance under the policy, which in the absence of the insurance under the WDC policy would cover the loss or damage covered by the policy, then the insurance under the WDC policy becomes "excess insurance" and does not apply except over and above such other insurance.

**W**DC insurance covers vessels or craft or cargo of certain kinds while confined to the limits of harbors or other inland waters of the United States.

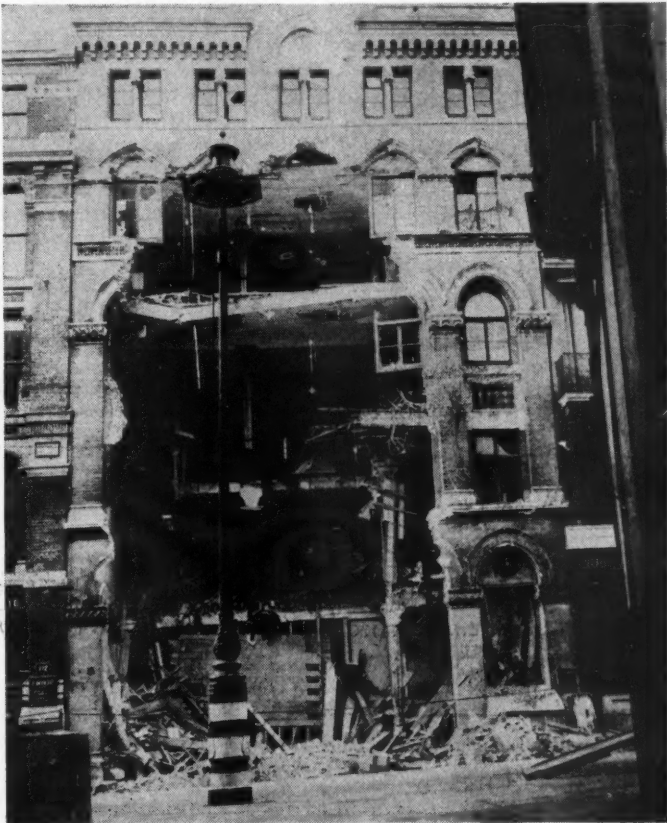
Unless otherwise specifically provided in writing, the policy of the WDC shall not cover accounts, bills, currency, deeds, evidences of debt, securities, money, bullion, stamps, furs, jewelry, precious and semi-precious stones, works of art, statuary, paintings, pictures,

etchings, antiques, stamp and coin collections, manuscripts, books and printed publications more than 50 years old, models, curiosities, objects of historic or scientific interest, pleasure water craft, pleasure aircraft, standing timber, growing crops, orchards, or any real property which is now a part of a structure or building. There are some provisions for coverage by separate application or endorsement with respect to some for the foregoing types of property.

**Rates; Construction; Classification**

**T**HE rates for coverage under the WDC policy shall be determined according to the construction classification, occupancy classification, and coinsurance requirements.

The "Coinsurance" clause con-  
(Continued on page 31)



# War Problems of the Small City

## *How Port Jervis, N. Y. Met War-Depression*

**PORT** Jervis, New York, was named in honor of John B. Jarvis, the first construction engineer of the Delaware and Hudson Canal. In the late 1820's, Port Jervis was the principal port on the canal that transported anthracite coal from the mines to tidewater. Canal transportation was replaced with the coming of the Erie Railroad in 1847. Today, Port Jervis is a main freight terminal point on that great freight-carrying Erie Railroad. Located as it is at the junction of the Neversink and Delaware Rivers, it is considered by many as one of the most picturesque, recreational areas in the Tri-State region.

The city is surrounded by a rich agricultural and dairying section in New York, New Jersey and Pennsylvania. Truck gardening and fruit growing supplement dairying and general farming.

When a Town, with such a historical background and natural resources, finds its population shrinking and its retail sales tapering off, it is high time for stock-taking.

### **The Small-Town Manual**

**SEVERAL** civic-minded individuals and organizations sought ways and means of surveying our Town to record its assets and liabilities and develop a plan for action. Each plan studied was considered too complicated, consequently no survey was ever undertaken until the Small Town Manual was put into our hands by the Regional Business Consultant of the Department of Commerce.

We studied it carefully and concluded that at last we had been provided with a very workable set of instructions and check sheets which would enable us to survey our community with ease, provided we organized well and shared the work with those best qualified to do the job. With encouragement and assistance from the Department, we undertook

**ALLEN M. TUCKER**  
*Secretary, Port Jervis Development  
Committee*

### **Small Town Manual**

The Department of Commerce has made an excellent contribution to the Nation's War effort by preparing a plan whereby the smaller cities can not only help in War production but, better still, off-set the depression of business in these smaller cities by showing them a way to improve their business situation.

The plan, after it was worked out in Washington, was tried out in several spots in different parts of the country. One of these points was Port Jervis, N. Y. Mr. Allen M. Tucker, Secretary of the Port Jervis Development Committee, here relates how the Department of Commerce plan was taken up in his town and something of the results obtained.

the work and the results surpassed our fondest expectations. One of the unique features of the Manual is the ease with which it can be adapted to community conditions. If committee imaginations run wild, as they will, check sheets may be expanded or added.

The basic facts uncovered by thirteen survey committees, totalling eighty-four members, will be the basis for planning our future. Our committees have been enthused and

the results obtained have been given publicity. This has started others thinking and talking about our Town. The committee is taking the advice given in the Manual of "Don't Try Everything at Once." It is developing a plan for action that considers first essentials first.

### **The Program Is Worked Out**

**T**HE highlights of the results obtained by the various committees indicate that:

The Trade Area was charted and, while many services covered wide areas, we found that our Trade Area, serving farmers, should be expanded.

The Historical Inventory revealed a wealth of interesting sites and incidents which could be promoted to much greater advantage to the Town.

Population Figures for 1930 and 1940 clearly showed that, while the State of New York, the County of Orange and nearby cities of similar size have increased in population in the last decade from two to eight per cent, the City of Port Jervis lost four and eight tenths per cent.

The Age Distribution of young people (18-35) in our Town in the 1940 census was 24.8%. A high percentage of our High School graduates leave Town.

The Per Capita Retail Sales results tend to be lower than those of other nearby cities except in food sales which is accounted for by the excellence of our restaurant facilities.

The Farmer Committee believed that a Bulk Milk Station should be brought to Port Jervis, and recommended aggressive action in the appointment of a committee to promote the agricultural interests of the area; to establish a Farmers' Market; and to promote the installation of small, cold-storage lockers.

The Retail Trade Check Sheet Committee suggests the appointment of a committee to develop closer understanding between the merchants



and the consuming public in order to better serve the needs and likes of the Buyer. They indicated the greatest single need was for a good, modern, general department store.

### Seeking New Industries

IN addition to the Erie railroad car shops, Port Jervis industries produce glass, silk, gloves, rayon, silverware, slippers, shoes, ladies' garments, knit goods, braid, burial vaults, etc. In selecting new industries and allied industries to provide jobs for the youth of our community, thought is given to the type that can aid in the war effort and that can also aid in the post-war construction period.

Recently, Skydyne, Inc., manufacturers of plastic plywood airplane parts, has located in Port Jervis. The owners of this industry are civic-minded executives who will contribute largely to the future development of our Town.

The Port Jervis Laboratories, the workshop from which new industries spring, is the most recent acquisition, and its owners also expect to contribute to our Town's growth.

The Port Jervis Defense School, working on a twenty-four hour basis, is training 60 men each term for war work.

Transportation Facilities by rail or truck are excellent and our nearby Matamoras Airport is destined to become a shuttle port to larger commercial air fields in the relatively near future.

### Help in Getting War Work

SINCE the survey started, a few weeks ago, the assistance given our community by the Regional Business Consultant of the Department of Commerce, in establishing contacts for war work for our local industries, has been far reaching and extremely helpful.

The consensus of opinion of the Social and Recreational Committee is that there should be a city plan for the long range development of our two river fronts and a beautification plan for our roadsides and parks; and that a recreational council should be formed to sponsor a constructive athletic program. Furthermore, the community should do more for its young people by providing more work opportunities and by developing our recreational facilities.

Individual initiative has recently provided a modern Bowling Alley

## How You Can WIN the War at Home

Credit Executives who are interested in small cities as their principal field of distribution have been in a quandary as to how the war will affect these towns and smaller cities.

The Bureau of Foreign and Domestic Commerce of the Department of Commerce heard many of these queries so they decided to present a plan to help the smaller centers of population to help themselves. The result is the Small Town Manual, of which this is the introduction.

**H**AVE you wished that you could do more to help win the war? This book will show you how to do just that. There is nothing spectacular about it. Just work. Work along planned lines toward a necessary objective. Work by individuals. Work by individuals cooperating in community effort.

Much of the war work will be directed from Washington. Necessarily so. The War Production Board, the Office of Price Administration, the Office of Civilian Defense, the Selective Service System—these and other agencies either have or probably will set up organizations to operate in your community. They will show you what you can do to help them do their part in winning the war. They may not be able to show in detail how to tie your community into the national effort—how to use the special advantages, or overcome special disadvantages, of your community. This Manual will help you adapt national plans to your community's possibilities. It will help you start other activities that will aid in winning the war, that should help your community weather the storm of war, and be stronger to march down the paths of peace.

This is up to you, individually and collectively. No organization has been established and subsidized to tell you everything that you should do. None is planned. Your Department of Commerce has carefully surveyed the demands which this war for our lives has already made upon us; it has tapped every source for ideas of what further demands we may have to meet.

From all of this material, it has developed this community guide-book. Not all the jobs that you can do have been suggested. Not all communities can use every suggestion in it. But every community will find some ideas in these pages which the community can put to work. And you can add ideas of your own.

But no community can use this guide unless you, the individual reading this foreword at this moment, say to yourself, "I'm going to pitch in to make this work. Work for me, for my community, and for my country."

Resolve now that you will not "Let George do it." George may never show up. The hope, the salvation, the preservation of the United States, depends upon you doing your part, upon you inspiring others to action. This "Small Town Manual" is only a beginning. Upon its foundation you can develop many more things which will help your community to contribute more greatly to the winning of the war.

More than that, you will find sound plans for helping your community to win the peace. How? By the simple process of analyzing your community, of finding out what makes it tick, of knowing what it lacks. Once you and the people of your community know those things, you can begin to plan for your community's future. Plan in the good old American way. To help yourself.

This Manual is not planned for suburban towns or highly industrialized communities. Though both will find much that is helpful in it, it has been designed for the backbone of America, the small communities with their surrounding territories scattered from Portland, Maine, to San Diego; from Portland, Oregon, to Key West. It shows you how to increase your town's assets; how to liquidate its liabilities. Through your own efforts.

It shows you how to organize community effort for war, for peace. It tells you where to seek additional information or help if you need it. But chiefly, it includes within a few pages, the essence of all that your Department of Commerce has found that will help you to help yourself through helping your community.

Our United States can be no greater than the sum of all the individuals within its borders. Individual effort can best be exerted through community effort. This "Small Town Manual" is presented to you as a handy guide to making your efforts more effective to win the war, and make prosperous the peace by everlastingly making your community a better place in which to live.

CARROLL L. WILSON, Director.



which fills a very real, recreational need.

As a whole, both the community services and the educational system are good.

With scenery second to no other region and with an abundance of natural resources, especially fish and game, it was proposed that a permanent committee be formed to promote and popularize our tourist attractions so that this industry might gain the importance it rightfully deserves.

The Religious Activities Committee agrees that further effort should be made to interest the youth of the Church in its activities.

The Tax and Transportation Committee advises that new taxable values are needed; that two highways, leading into our community, should be improved to facilitate travel to our Town; and that a long range plan must include the encouragement of the Erie Railroad to electrify from Port Jervis to New York with mid-town terminal in New York City. Then faster service, with light, clean trains would swell train travel to our Upper Delaware Playground.

#### Freight Service Excellent

OUR Freight Service is superior and one of our greatest assets in inducing industry to locate here.

The Housing Committee feels that housing is an extremely important element in community building and that a permanent committee should be appointed to study this subject very carefully, so as to work out a long term plan for the future improvement of housing in the City of Port Jervis.

In developing the plan for action, the Survey Committee authorized the establishment of a Citizens' Community Development Board. Pending its complete organization, the Port Jervis Development Committee, the nucleus around which the Survey Committee was built, has been designated by the chairman to carry on the pressing problems disclosed by the survey.

The first essential was to assist distressed local industries. Much time and energy have been devoted to this phase. The Regional Business Consultant of the Department of Commerce has been of especial assistance in establishing contacts that lead to contracts.

Since one of the prime purposes of the Small Town Survey was to un-

cover practical ways of uniting our community more closely with the surrounding farming territory, the Agricultural Committee indicated a need to provide a local outlet for the things the farmer has for sale. Our committee set out to provide this outlet and is now in the process of negotiating with a canning industry which, when relocated in Port Jervis, will largely supply in one stroke the outlet required of three different producing groups of farmers.

Youth needs channels for self expression so the Development Committee endorsed the establishment of a Junior Chamber of Commerce in Port Jervis. Jaycees, with proper encouragement, will carry out many of the projects outlined in part of the Small Town Manual—"How You Can Win the War at Home," and contribute substantially to the war effort and to the upbuilding of the civic life of our community.

#### Many New Friends Are Made

THE most valuable by-product of the Small Town Survey was making new friends for Port Jervis.

Very soon, Port Jervis will have the advantage of the services and advice of a man who is one of the great planners in Industry. He is going to assist us in war and post-war community planning. Just watch things hum after we are inoculated with his enthusiasm and plans!

Cooperation has been the watchword from the City Fathers down. The Mayor is Honorary Chairman of the committee; the Postmaster, its Chairman, was a former mayor; the Vice-Chairman is a Bank President; the Secretary is a Utility Manager; other members include another former mayor, an attorney, a newspaper publisher, the President of the Merchants Association, the proprietor of a laundry, a contractor and a hardware merchant. The Department of Commerce, the Industrial Department of the Erie Railroad and local organizations have assisted in building our Town along progressive and healthy lines.

Leaders of new industries have caught the sincere, friendly spirit of those promoting the future of Port Jervis and, upon locating here, express their desire to contribute wholeheartedly in the war effort and help make our Town a better place in which to live. Port Jervis will grow

to become the principal commercial city of that larger center for gracious living, The Upper Delaware Valley.

## What's Ahead on the Economic Front

(Cont'd from p. 6) New Yorkers have the jitters and so do all the people along the Atlantic and Pacific coasts. Just the other day a submarine came within a few hundred yards of the Florida shore. In Washington there are anti-aircraft guns on the Department of Commerce Building, and an air raid shelter has been built between the White House and the Treasury Department. Even here in the Middle West we are not safe. We are living in the "Ruhr" district of America. There have been sinkings by enemy submarines in the St. Lawrence river, not so very far from Detroit. This is the industrial area of the United States. Germany knows it. There is a possibility of air attack, even of it means suicide to the enemy, just to let us know that it can be done.

#### We Are All in the Ranks

THERE is no turning back. We must go forward. So I say: in this hour of gravity and danger to our Nation, let us all discharge our duties as true Americans. Let's resolve to cooperate with the Government in every way, to live up to the spirit as well as to the letter of all requests and orders. We can't have both guns and butter. We can't fight such a costly war and still do "business as usual."

Let's then again show our deep and undying appreciation of the freedoms and humane principles for which this country stands and in which they have flourished. I, for one, am not ashamed to display my patriotism in this hour of my country's need. I am also certain that deep down in your hearts you all feel the same way. Let's all give our country the loyalty and patriotism which have made it the great Nation that it is today, for it is such loyalty and patriotism that will preserve this nation for posterity. May I then conclude with my sincere wish that can be expressed in just six words—Long Live America; God Bless America.

# Statement of Policy at 47th NACM Credit Congress

**W**e recognize that we are now in a solemn and trying time. The global war in which the United States and her Allies are engaged, is testing, as never before, the character, the capacity, and the capital of our nation.

To the end of successfully waging this war, we pledge every resource at our command.

We ask credit men and credit women everywhere, individually and collectively, to resurvey their abilities and resources so that these may be placed most advantageously in our united effort to bring this war to an early and successful conclusion.

We recognize fully the existing dangers to those democratic principles of our living that have brought us thus far to national strength.

We re-affirm our faith in the strength of Divine Guidance. We believe in our American way of life, founded on the broad bases of industry, initiative, and neighborliness. We shall continue to fight for its defense so that these blessings may be guaranteed to us and to our children.

We ask full cooperation in the conversion of our peace-time economy to war effort.

We recognize the need of promoting and developing a close relationship with all world markets, and strongly suggest that the local associations closely cooperate with the Foreign Credit Interchange Bureau, not only to enable us to enlarge and protect the world markets, but also to create a closer understanding and more friendly relationship during and after the war.

## Our Financial Course

**W**E must win the war because, whatever the cost, winning a war is inevitably less costly than losing it. Consequently, we recommend the careful analysis of all government expenditures and the elimination of every non-essential item.

The gap between increasing ex-

penditures and revenue is inflationary and must be controlled by every possible elimination of waste and by a policy of taxation based on simple, efficient and effective administration.

As a further curb on inflation, this Credit Congress repeats its previous endorsement of the sale of War Savings Stamps and Bonds, and urges their purchase, to the full limit of each individual's ability, not only to those present at this Credit Congress, but also to all our citizens.

## Legislation

**T**HE need for careful consideration of legislation, particularly that which affects the course and manner of doing business, was never more important. We urge the continued careful consideration by our elected representatives of all legislative proposals and we call on this Association and its members to give an extra measure of that serious attention and articulate expression which it has always been our policy to extend in regard to legislation affecting credit and finance.

## Our Pledge

**W**E specifically pledge ourselves individually and collectively to aid in the accomplishment of these objectives by adoption of the credo set forth in the 47th Annual Credit Congress Keynote address:

1. "We recognize that service to our country at this particular time takes precedence over anything else. We shall respond to any call from our Government whether or not we are militarily liable to service.

2. "We pledge ourselves to use all of our influence against any inflationary movement that will destroy our economic system. As individuals we will not hoard and we will not join in any scramble of wild buying in an effort to escape the sacrifice or the self-denial that all of our people will have to make.

3. "We pledge that we will main-

tain a sound domestic credit situation because only a sound credit system can give us the internal strength which is indispensable to our progress and to the discharge of our responsibilities.

4. "We recognize the contribution that has been made by the credit organizations throughout the country and, as members, we pledge to maintain these so that they may be available for service in the great peace-time production that must ensue.

5. "We shall use all of our endeavors to fight waste. Hard-earned tax dollars must be judiciously expended.

6. "We oppose programs that contribute little to the nation's benefit or to the strength of the military program. We cite, as an example, experiments along social lines which have no place in a war economy.

7. "Above all, we agree in our desire to sacrifice and we do not expect the other fellow to carry the load. Whatever tax burden we may face we will bear cheerfully, but we will fight vigilantly for its equitable distribution.

8. "We proclaim that we have the courage to take our rightful place in the world's affairs and to use our labor and our credit along sound lines, having as an objective the improvement of the lot of the people of the world so that there may come a better understanding among mankind and a more peaceful history for our future generations.

9. "We recognize that the most important thing in life is the maintenance of a sound family relationship. Any movement which challenges that will meet with opposition on every hand from us both as individuals and from our organizations.

10. "Finally, although the world is in chaotic condition and the suffering intense, we thank Providence for the opportunities we have, by word and by deed, to contribute to a destruction



of all that is evil and against civilization and for the further dissemination of the gospel of brotherhood so essential to a peaceful world."

### This Year of War

WE voice our pride in the response of so many of our Association members to our country's call to arms. Unable to list them individually because of their large number, we ask that a copy of this resolution be sent to each member of the armed services who until recently was a fellow worker in the fields of commercial, industrial or banking credit.

We pledge our full cooperation in assisting them in again establishing themselves in the credit and business world upon their return from having performed their duty.

Interested in their welfare during this time of war, we extend to each of our members now in the armed services, the invitation to visit the local Credit Associations nearest their assigned posts. They will be made welcome because of the effort in which they are now engaged, and for their work with us in advancing the standards of credit.

To the members of our affiliated Credit Associations in Honolulu and Manila, who have known the full fury of the enemy assault, we send assurances of voicing our firm conviction that nothing will stay our hand until the attack on their security has been avenged.

### Appreciation

To our host, the Cincinnati Association of Credit Men, to its officers and members, both men and women, as well as members of other associations, who have in the weeks before our convening and during this busy week, exerted every effort toward making this Credit Congress a notable one, we express our appreciation. We shall long remember the friendships we have made in Cincinnati and as we leave this Queen City of the Ohio Valley, we do so with the realization that during our stay the cause of sound credit has been advanced in many ways, both tangible and intangible.

We express as well, our appreciation to the newspapers of Cincinnati for their liberal allocation of space to the deliberations of this Credit Congress; and to the American press for its cooperation in spreading the news

of our Association's work throughout the year.

Let us take this occasion to express particularly our thanks to the Daily News Record of New York, and its City Editor, S. S. May, for the conscientious and fair presentation within the columns of that publication of

the news of developments in the world of credit.

And, in closing, let us make public our debt of gratitude to all who have assisted and whose efforts helped in bringing this 47th Annual Credit Congress of the National Association of Credit Men to a successful conclusion.

## Delaney Pictures Big New Problems Facing Credit Men

**C**redit men must take a large part of the responsibility of keeping the credit of the nation secure in spite of the huge financial drain caused by the war, Harry J. Delaney, president of the New York Credit Men's Association declared in an address at the annual meeting and election of officers at the Triple Cities Association of Credit Men at Binghamton, New York.

"I think it is clear to everyone," he said, "that something is going on within our economic structure that is bound closely to the war effort, and yet is apart from it. We are making a transition from one economy to another, from the traditional Democracy based upon free enterprise, with a minimum of interference from Government, to something as yet unnamed. Much of the vast bureaucratic machine we are building, let us hope, is a temporary requirement of the war emergency and will pass when peace returns. But our former method of doing business are vanishing.

### Credit Men Reach Majority

THE time has come when credit men must come of age as financial and economic analysts. The day when the credit man's duties were confined to merely handling balance sheets and making trade and bank investigations from his desk, is fast passing. The growing complexity of modern business life demands more of the credit man than has ever been asked of him before.

"We are now going through the double trial of a major war and an economic shuffling, so far as the credit man is concerned. No longer is it possible for him to rely on the past as a guide to the future. No longer can he rely upon the old yardsticks

to measure the capacity of his clients. The framework of economics is asserting itself more and more and the credit man must be ready to meet the new conditions. He must step out of his usual role and take an active part in the whole economic picture. That is why I say he must come of age as a financial analyst.

"He has a job cut out for him that is bigger than any he has ever seen before. On his shoulders falls a large part of the responsibility of keeping the credit of the nation secure, in spite of the colossal drain imposed by the war. Our national deficit because of war financing, will be \$20 billion for the 1942 fiscal year and nearly \$50 billion for the 1943 fiscal year, even allowing for \$7 billion in new taxes in the latter year. Here is a credit problem of the first magnitude. The credit executive must throw his weight toward keeping business going, blocking unnecessary governmental expenditures and maintaining a solid industrial and commercial framework to support the debt that is being forced upon us."

### Old Ideas Must Be Abandoned

MR. DELANEY declared that theoretical ideas of credit must be abandoned today and in their place practical thinking must be substituted.

"This is by way of stressing the fact," he said, "that business can by no means be considered to be going on as usual, no matter how much we wish it could be. It is also a means of underlining the fact that the credit man is placed in a position of utmost importance and must be prepared to use his executive intelligence fully in order to overcome the problems that beset him.

"I am trying to paint a picture of a credit man alive to the world he

lives in, an executive schooled in the hard principles of business, yet awake to the spirit of change that is part of the times. What I have in mind is a man equipped by experience to cope with the demands of his profession, yet flexible enough in his thinking to adopt himself to the latest regulation from Washington.

"The most immediate problem that comes to mind is the huge adjustment that will be necessary when the contemplated army of 4,500,000 men—or even more—returns to its peacetime pursuits. Not only the men in uniform, but the 30,000,000 or more engaged in defense industries, will look for new jobs. The economic shock will be great and we must prepare now to meet it.

"The 'hangover' the war will leave behind does not stop there. What are we going to do with our vastly expanded productive capacity? What are we going to do about our taxation and debt problems? How are we going to meet the dilemma of foreign trade? What about our agricultural problem, our problems of housing, public works and lend-lease adjustments?

### Must Meet the Challenge

"THESE are some of the things we must face. As a group, we credit men have much at stake. It is a challenge that we must meet. One of the heartening signs is the increasingly important part being taken by credit men in the work of special governmental bureaus created by the war. Key posts in the OPA, WPB, the iron and steel administration and other boards are held by credit men. There is a growing recognition that the credit man is peculiarly fitted for some of the most important administrative positions and it may be safely predicted that more and more of them will be called to lend their services to their country before the war has ended.

"If we devote ourselves to the task at hand, making the most of our opportunities for service and keeping abreast of the changes of the times, we shall not be found wanting when the wheels of our train grind to a halt, but rather, we shall be in the way of those who will use that moment to sound a rallying cry to roll up sleeves and set out to build a new and better world."

## "Today, more than ever before, we appreciate Burroughs Mechanical Service"



"Our experience with Burroughs mechanical service has long since proved that it is without equal."

### Burroughs Provides These Advantages

Burroughs Mechanical Service is rendered by factory-trained, factory-controlled, salaried representatives whose work is guaranteed by Burroughs.

Every Burroughs service point has genuine Burroughs parts to meet service needs.

Burroughs service is national, conveniently located to give prompt attention to every call.

All Burroughs service men are promptly and fully informed about every improvement in service, every new feature and every mechanical change.

Today, under wartime conditions, it is essential that users make their figuring and accounting equipment last as long as possible. Burroughs Mechanical Service is helping owners get the maximum of continuous, profitable use from their Burroughs machines.

Burroughs service is available to the user under either of two plans: (1) a Burroughs Service Agreement at a predetermined, moderate annual cost; or (2) service when requested, at a moderate charge for each service as rendered. Call your local Burroughs office, or write to—

BURROUGHS ADDING MACHINE CO.  
DETROIT, MICHIGAN

# Burroughs



# Four Point Tax Plan

## *A Credit Man's View of How to Finance War*

**THE** following tax plan is probably unconstitutional inasmuch as tax 4 is a direct tax on tangible and intangible property and the constitution says that all direct taxes shall be in proportion to the population of the states. However, the Four-Point Tax Plan is my answer to the following question, "Given a free hand and starting from scratch, what plan of taxation would you suggest?"

For the future we know that Federal taxes will be very heavy. We also know that Federal influence on our economy is very great and the tendency is toward still greater influence and control. Taxes influence our individual and corporate activities. With the increase in taxes, that influence will be increased to be the dominant factor. Therefore by judiciously applying taxes, the economy of the individuals can be controlled and hence the economy of the nation. In order that the legislators will be enabled to judiciously apply taxes, they should have available to them the profit and loss and balance sheet data of the taxpayers. The Four-Point Tax Plan substitutes a profit and loss and balance sheet return for our present income tax return. The information is secured and the tax imposed on the basis of the profit and loss and balance sheet.

Credit men have more experience in analyzing statements than any other group of men. They can project their minds into the future and see how the financial statements will be affected by a certain additional expense or tax. I therefore feel that we credit men are more capable than any other group of evolving a tax plan and therefore suggest that we conduct a forum on the subject through the pages of our magazine, and I offer this Four-Point Tax Plan as a basis for discussion.

1. Tax all income at the source. Wages, Salaries, Fees, Commissions,

By C. R. KEYSER,

*Credit Manager, Cudaby Brother Packing Co., Cudaby, Wisc. (On Leave for Service with U. S. Navy.)*

Interest, Rent, Dividends, Gifts, Bequests, Charity, Prizes, Bonuses, Insurance Benefits—all taxable and tax to be remitted by person making the payment.

2. Tax all physical merchandise—a sales tax—but suggest it not be applied on percentage of retail sales, but rather as an excise tax of so much on each article, varying from nothing on production machinery and staple foods to large amounts on luxury items.

3. Tax increment in net worth. If a man is worth \$5,000 on January 1st and \$6,000 on December 31st, he will be taxed on basis of \$1,000.

4. Tax Net Worth—All Tangible and Intangible assets less all obligations.

### Experience With Each Tax

1. This tax we have had for a number of years in the form of social security taxation so business firms could expand their handling to cover the other items in addition to wages and salary. Individuals would find it a little new inasmuch as they would have to deduct and remit a tax when and if they pay rent, interest, contributions, lawyers, doctors, or other fees or payments which could be included as income for the recipient.

2. The sales tax has been effectively used by many states on a percentage of all retail sales. However for a graduated scale varying according to commodity, it would be more practical to use the stamp excise plan now used by the Federal Tax authorities.

3. This tax is in all effects the same as our present income tax, but without the complicated forms. Our present income tax allows deductions for dependents, interest, losses, charity, and other necessary and ordinary expenses. If a man spent money

throughout the year only for ordinary and necessary expenses, he would have saved during the year the amount of his taxable net income as figured on the present income tax return. In other words, taxable income under the present income tax would be the same as his taxable increment under this proposed plan. If an individual spends more thereby reducing his increment and his tax liability, he would pay more sales tax because his additional purchases would enter the field of non-necessities.

4. The State and local authorities have long been taxing physical property. It is proposed to tax also other assets, such as securities, notes, and non-physical assets, but to allow deduction of the obligations against the assets. This would relieve the home owner whose home is mortgaged, but bear more heavily on security holder, now property tax free.

### Economic Effects of Each Tax

1. Taxes all income at source at time of payment thereby spreading payments over entire year instead of all at one time. Reduces gross income by amount of tax, reducing inflationary tendency.

2. Falls most heavily on consumers above the bare necessity class. Sales of Luxury items which carry a large tax would drain off excess spending power while using little man-hours and materials in proportion. If luxury items are not purchased, possessor of excess buying power would not be encouraging inflation and would be subject to tax 3 on increment of net worth and net worth tax 4.

3. Same effect as our present income tax with exception that gain or loss can be taken as sustained rather than when realized, thereby smoothing out tax payments and allowing a freer market for capital assets (since sales would not be promoted or withheld for tax purposes).

4. Would increase the desirability of home ownership on equity basis, because tax would be on equity rather than on gross value, but would somewhat increase the cost of financing.

The greatest economic effect of this entire tax plan would be caused by tax 4 on intangibles. The money market lends money at a certain rate of interest. If we add a 2% tax to the capital, it would require interest rates 2% higher to yield the investor the same amount. This tax would make the investor more anxious to lend (since capital is taxed whether in idle cash or in securities) and the borrower would be less anxious to borrow because of increased interest rates. Such a situation would result in the investor absorbing most of the tax; say 1½% of the 2% tax and the borrower absorbing ½%. The net result would be an increase of ½% in interest rates and a 1½% lower yield to investors. On existing contracts, the entire burden would fall on the investor, unless adjustment of some sort were made. The adjustment could be in the form of relinquishing whole or part of tax on existing contracts until a certain date, or by imposing the tax gradually by adding ½% each year, with maturity compulsory within 4 years.

Any idle capital would soon be taxed away. Considerably more capital would be required to provide the same net income. Capital would therefore of necessity combine with management risk to maintain itself and have a possibility of increasing. Capital would become less timid, would become more venturesome, and stimulate new enterprises some of which would be of general benefit to civilization.

#### Administration of Each Tax

1. Means of administering have been developed in present payroll deduction taxes.
2. Means of administration have been developed by state sales tax authorities and Dept. of Internal Revenue.
3. Means of administration have been developed by Income tax department, but form of return would have to be changed as per the attached copy. This form would also be used to levy tax 4 and to check on taxes 1 and 2.



Anti-aircraft fire seldom makes a direct hit. But a chance shell fragment can be just as disastrous. That's why pilots carry all possible safety equipment, especially a parachute . . . "just in case."

These are dangerous days for business pilots too . . . days when every manufacturer and wholesaler needs safety equipment against unexpected events.

The normal safeguard against credit losses is an efficient credit department. But the abnormal credit risks of these ominous days place an added strain on even the finest and best-equipped credit departments. The War is causing changes overnight . . . changes which may seriously affect your business . . . or the business of your customers . . . changes which may cause severe credit losses.

The best protection against severe credit loss is **AMERICAN CREDIT INSURANCE**

An *AMERICAN CREDIT* policy is the strategic defense employed by thousands of manufacturers and wholesalers to protect working capital and profits against unforeseen credit losses. *AMERICAN CREDIT* guarantees payment of accounts receivable . . . guarantees reimbursement for losses caused by the insolvency of customers.

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J. F. McFadden, President  
First National Bank Bldg., Baltimore

•  
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PRINCIPAL CITIES  
OF UNITED STATES  
AND CANADA**  
•

**49 YEARS IN BUSINESS**



**"Guarantees Payment of Your Accounts Receivable"**



4. Means of administration have been developed by State and local authorities for assessment and taxation of real property, but not of intangible property. The present method of assessment and levy requires equalization boards and appeal boards to correct errors in assessor's judgment. It is the chief source of present income for all state and local governments and is unsatisfactory inasmuch as it puts the burden mostly on the most stolid citizens—the home owners. The present difficulties of assessment would be increased many times if the assessors in the present system were also to assess intangibles, and I therefore suggest that each taxpayer assess his own assets. At first thought this might seem impractical and the source of much tax evasion but the following rulings, I believe, will make the plan simple, effective and just. 1. That any asset unclaimed becomes the property of the tax authorities. 2. Appraisal can be made by the tax authorities at anytime with the cost of such appraisal to be paid by the taxpayer if the appraised evaluation is more than 10% different from taxpayers evaluation, and expense is to be borne by tax authority if valuations vary less than 10%. Appraisal always to be made at death of taxpayer.

3. Taxpayers evaluation can be used in lieu of condemnation proceedings. It is the intention not to punish by imprisonment, attempts at tax evasion, but to make the financial gain resulting from successful tax evasion out of all proportion to the financial risk involved.

#### Collectibility of Each Tax

1. Tax is applied at point of transaction and the money is changing hands and therefore available for immediate collection.

2. Same as No. 2 above.

3. This is readily collectible for the most part because the increment was in the form of money at some time during the taxable period. The exception is the fact that gain in value of assets held throughout the tax period are included in increment. It would only be in extreme cases such as a tremendous and sudden increase in value of an asset, that the collectibility would be curtailed, however in such an event the asset should be sufficient security to secure money to

NAME..... AGE.....  
ADDRESS..... COLOR.....  
POST OFFICE..... STATE..... SEX.....

If you have an entry to place on any line, fill in the supporting schedule.

A. Name and address of dependents

B. Dependent upon—

#### Income Section

1. Salary, Fees and Commissions received
2. Net operating profit from business
3. Rent received
4. Dividends
5. Interest
6. Gifts and bequests and charity
7. Prizes, bonuses, insurance and other income

8.

Total

#### Expenditure Section

9. Salaries, Fees and Commission Paid
10. Rent
11. Dividends
12. Interest
13. Gifts, bequests and charity
14. Prizes, bonuses, insurance, and other expenditures
15. Special

16.

Non-consumption expenditures

17. Consumption expenditures

18.

Total

19.

Net Cash Gain or Loss for Year

20.

Net Increase or Decrease in Value of Assets

21.

Net Gain or Loss for Year

22.

Net Worth at Beginning of Year

23.

Net Worth at End of Year

which consists of

#### Asset Section

24. Land
25. Buildings
26. Machinery, equipment, furnishings
27. Bonds
28. Stocks
29. Receivables (secured)
30. Receivables (unsecured)
31. Personal property, supplies, inventory
32. Other Assets
33. Cash

34.

Total

#### Liability Section

35. Unsecured
36. Secured
37. Other Liabilities
38. Par value outstanding shares

39.

Total

40.

Net Worth

pay the tax.

4. This tax might be levied entirely upon assets which were not in cash form at any time during the taxable period. On income producing assets no collection problem is encountered. There is a problem though on non-income production assets such as homes. However this problem has faced home owners for generations and seems to have been satisfactorily met through all the years.

#### Yield of Such a Tax Plan

1. A rate of 10% based on a national income of 100 billion dollars would yield 10 billion dollars revenue.

2. Of the 100 billion national income 10 billion withdrawn at source would leave 90 billion available and perhaps 70 billion will be spent. Also probably 10 billion from previous savings or a total of 80 billion. A tax averaging 5% would yield 4 billion.

3. The total of 20 billions saved would be subject to tax on increment of net worth. An average of 30% would yield 6 billion.

4. Estimating total assets of nation at 500 billion a tax rate of 2% would yield 10 billion.

Total 30 billion.

Experimentation will be necessary to discover the exact ratio of tax rates that will produce the desired effect. For instance a higher rate on Tax 2 and a lower rate on Tax 3 would encourage people to save rather than to spend. Conversely a lower rate on Tax 2 and higher on Tax 3 will encourage people to spend because it would be too expensive to save. By judiciously applying various ratios of rates at the four points of taxation, the economy of the nation can be influenced to follow the desire of the legislators without recourse to specific and usually ineffective economic legislation. This is more possible now that taxes are higher, because the taxes are now a more important part of each budget and will correspondingly exert more influence on the taxpayers activities.

#### Justice of the Taxes

The justification of any tax is that the government must be supported. The justice of taxation is not that it be applied evenly but that it be applied to similar taxpayers in the same way and that the type of application be for the greatest benefit for the greatest number of people. In this light let us look at the justice of the

## Accidents Help The Enemy



**The careless accident that "just lays a man up for a few days" may keep a skilled mechanic off a job vital to your country.**

Accidents today cost more than money can pay for. They cost time—when our country needs every hour of every workman's time as never before. A few days off the job means a few days off America's Victory schedule.

**No insurance in the world** can make up for the work an injured workman might have done, but the expert safety work that goes along with good compensation insurance can help reduce accidents. Besides it's only smart business to let a sound insurance company pay your compensation liabilities.

Lumbermens and its affiliated companies under Kemper management write all forms of insurance—excepting life insurance.

**Your Lumbermens agent** is qualified to assist you with your insurance problems. If you do not know his name, write: James S. Kemper, President, Lumbermens Mutual Casualty Company, Mutual Insurance Building, Chicago.

**50% REDUCTION  
IN ACCIDENTS WOULD SAVE  
ENOUGH MAN-HOURS TO BUILD**



10 BATTLESHIPS



330 SUBMARINES



22,000 MEDIUM  
BOMBERS



100 DESTROYERS

Accidents robbed American Industry of 460,000,000 man-days in 1941. The 1941 traffic toll alone, of men between the ages of 20-45, accounted for more than 10,000 workers . . . enough for a full Army division.

If your company, like many others today, is suffering increased industrial accidents due to green labor and rapidly expanding production, you will be interested to learn what Lumbermens safety engineering service is doing for its policyholders.

This service costs nothing, pays much in reduced accidents, lowered insurance costs and increased profits.

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FIRE INSURANCE AND ALLIED LINES

taxes.

1. This is tax that reduces the actual income of each tax payer. The greater the income the greater the tax paid to the government. It includes all types of income including life insurance benefits, charitable contributions, interest and dividends which are new items. These incomes should pay their portion to the government the same as wage incomes. I can think of no reason why they should not.

2. This tax is graded from little or nothing on food and essentials to very high rates on luxuries. The justice is that he who has enough money over and above the amount necessary for food and essentials also has enough to give more to the government.

3. This tax is the same justice as the present income tax, but in a simpler form. If a taxpayer's entire income is spent to buy essentials for his dependents he pays no 3 tax and very little 2 tax. If he spends it on luxuries for himself he pays no 3 tax but pays a large 2 tax. If he spends only for essentials and saves he pays little 2 tax but big 3 tax.

4. This is merely expanding property tax to include all assets. This is the oldest form of taxation the justice of which is more doubtful than the others but is generally accepted due to precedent.

## N. I. C. Fellow Is Awarded Medal in N. Y. U. Course

New York: Louis Alexander, who on May 26th received his fellowship award in the New York Chapter of the National Institute of Credit, has just been notified that he has been awarded the gold medal offered by the Credit Bureau of Greater New York, for the highest mark received by a student at the New York University course in Retail Credit Practices.

Mr. Alexander is employed in the Credit Department of the Trorlicht-Duncker Carpet Company, Inc., New York City. He has now completed two years of his course in Credits and Collections at the New York University, in addition to his studies at the New York Chapter of the Institute.

## Coal Mine Suppliers Confer in Pittsburgh

Pittsburgh: The 13th quarterly conference of the Coal Mine Suppliers Credit Group held an important all-day session at the Fort Pitt Hotel on June 18. Representatives of firms in this business field, located in 14 cities, were present at the conference.

## Summer Institute Alumni Reunions at Cincinnati & N. Y. C.

Cincinnati—Twenty-five Credit Executive members of the 1941 student body of the Summer Institute of Credit Management sponsored by the NACM on the campus of Babson Park were in attendance at the Cincinnati Credit Congress in May. To renew the friendships they made at Babson Park, they attended a special luncheon on Tuesday, May 12. A brief program was developed which included introduction and words of welcome and appreciation from Dr. Carl D. Smith, President of Babson Institute; Past NACM's President William H. Pouch, who is Chairman of the National Credit Education Committee; NACM's Executive Manager, Henry H. Heimann, and Frank Byrne of Cannon Mills, New York, who spoke on behalf of the Summer Institute alumni.

New York—The "pioneer" members of the Summer Institute of Credit Management who attended from the New York area at the inaugural 1941 sessions staged a reunion luncheon on Tuesday, June 23, at the Advertising Club, New York. The meeting, which had the privilege of a visit from Dr. Carl D. Smith, President of Babson Institute, was arranged by A. A. Belmonte of Carbide and Carbon Chemicals Corp., and was attended by the following: David J. Sullivan, Petroleum Heat & Power Co.; W. L. Reed, Shell Oil Co.; Henry Weber, The Lowe Brothers Co.; A. A. Belmonte, Carbide and Carbon Chemicals Corp.; L. B. Wilson, National Carbon Co., Inc.; Frank E. Byrne, Cannon Mills, Inc.; Mortimer J. Davis, New York Credit Men's Association; Professor Louis P. Starkweather, member of the 1941 Institute's faculty; David A. Weir, Assistant Executive Manager, and Paul Haase, Director Public Relations, of the National staff.

## Seattle Prexy Is Installed by Business Pal

Seattle: F. E. Jerome, Assistant Vice President of the Seattle First National Bank, was installed on June 8th as the new President of the Seattle Association of Credit Men. An interesting incident in connection with the installation was that J. W. Spangler, Vice President of the Seattle First National Bank, who served as President of the Seattle Association from 1908 to 1911, and later as National Director and Vice President, representing the Western Division of the National Association, installed Mr. Jerome in his new job as President of the local Association.

In accepting the chair as President, Mr. Jerome presented some views about the importance of the National Association of Credit Men in the present war situation and afterwards. A summary of these views appears elsewhere in this issue.

# NEWS ABOUT CREDIT MATTERS

A section devoted to  
Credit Association affairs

July, 1942

Copy deadline  
15th of month

## Credit Seminar at Leland Stanford Is Cancelled by War

San Francisco: An announcement by the Board of Directors of Leland Stanford University at Palo Alto of the cancellation of the Credit Seminar which had been announced by the university for the week of July 19 to 24th, was a distinct disappointment to a large number of Credit Executives in the Pacific coast area who had made plans to attend the study course.

The Conference this year was to have been held from July 19 to 24, 1942, covering approximately thirty hours of intensified lecture work and round table discussion. This year the Western Division of the National Association of Credit Men, through local Chapters of the National Institute of Credit, arranged a Credit Seminar of experienced and authoritative lecturers to cover credit subjects, including a "Credit Refresher Course"—"How to Bring a Financial Statement to Life"—"What Constitutes Good Credit Department Procedure"—and similar interesting subjects.

After having printed 10,000 preliminary

announcements of this Conference the Graduate School of Business at Stanford University was informed by the Board of Directors that Lagunita Hall would not be open this year since it was impossible to obtain experienced dormitory help for the Summer Session.

## Credit Men Mourn Death of Paul King

Detroit: Many N. A. C. M. officials and members were grieved to learn of the death of Paul H. King, United States District Court referee in bankruptcy. He passed away after a very short illness. Mr. King has been chairman of the National Bankruptcy Conference for several years and was very active in directing the work of remodeling national bankruptcy legislation through the passage of the Chandler Act in 1938.

Mr. King has written several articles on bankruptcy procedure and the difficulty of handling bankruptcy cases for "Credit and Financial Management." He has always been a forward thinker on bankruptcy matters and was looked up to by credit men in all parts of the country as a warm friend of their profession.

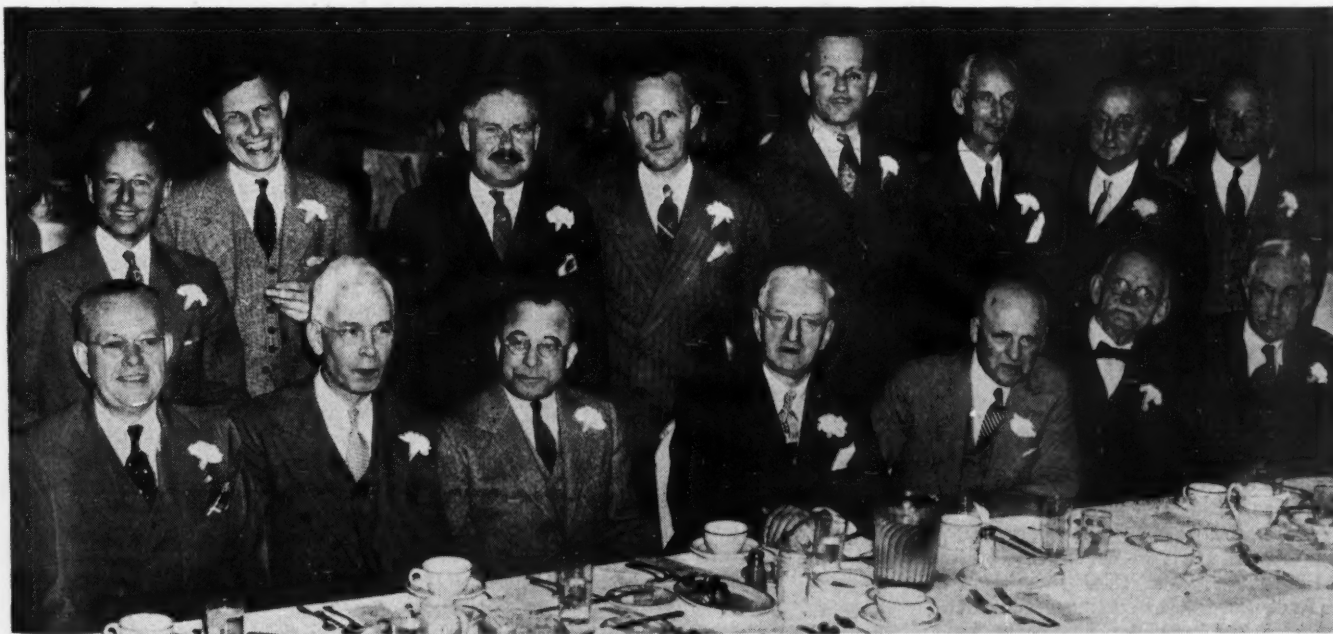
## Court Holds Bank for Liability of Credit Inquiry on Client

A Passaic County circuit court jury recently awarded a verdict against the Passaic National Bank & Trust Co. in a case involving a report on the financial responsibility of a depositor. The bank has appealed the case to the New Jersey Supreme Court of Errors and Appeals.

This was a routine credit inquiry in which the bank replied "balances this year averaging in a moderate three figure amount" and "our experience with the account has been satisfactory." The firm on which the report was made was shortly after declared a bankrupt. The plaintiff contended that the bank's report was false and that it was made for the purpose of bolstering the credit of its customer.

This case will be watched closely by the credit profession. A full report on the findings of the high court will be given.

One of the points of contention was as to how large "moderate three figure account" really is. The bank said from \$300 to \$600. The plaintiff showed that the depositor's account did not have that average.



The Rochester Association of Credit Men recently honored former presidents of the local Association at the 46th anniversary dinner party held at Sagamore Hotel's Starlight Roof. The above picture shows fifteen of the past presidents present for the anniversary dinner. Reading left to right, standing, Jacques L. Meyers, William H. Ewell, Howard W. Minchin, Willis H. Daggs, Herbert Bradshaw, William C. Hussey, Edward J. Connor and George C. Lennox. Seated, left to right, Harold H. Kase, Carey B. Ostrander, Martin Moll, Albert C. Hetherlin, Edward Weter, John W. Fulreader, and Elmer Roblin.



## FIRE PREVENTION SPEEDS WAR EFFORT!

Good housekeeping over here  
will help clean house over  
there.



**The Phoenix**  
Insurance Company, Hartford, Conn.  
1854

*The Connecticut*  
Fire Insurance Co., Hartford, Conn.  
1850

**FOUITABLE**  
Fire & Marine Insurance Company  
PROVIDENCE, R.I.  
1859

ATLANTIC FIRE INSURANCE CO.  
Raleigh, North Carolina  
THE CENTRAL STATES FIRE INS. CO.  
Wichita, Kansas  
GREAT EASTERN FIRE INSURANCE CO.  
White Plains, N. Y.  
MINNEAPOLIS F. & M. INSURANCE CO.  
Minneapolis, Minn.  
RELIANCE INS. CO. OF CANADA  
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CHICAGO  
2133 Insurance Exchange  
NEW YORK  
110 William Street  
SAN FRANCISCO  
220 Montgomery Street



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## C. Evan King Is Promoted by Agfa-Anscol

Binghamton: C. Evan King, a National Director of the National Association of Credit Men, representing the second district, has been appointed controller to supervise the accounting department of Agfa Ansco Division of General Aniline & Film Corp. Mr. King succeeds Paul M. Anderson who has resigned. Mr. King has been employed by the Agfa Ansco Corporation for thirty-nine years. In 1908 he was placed in charge of all Canadian business with offices at Toronto, and in 1922 he returned to Binghamton as assistant treasurer and assistant secretary in charge of all credits and collections.



Peoria: Peoria recently held its annual dinner at which time the past presidents of the Peoria Association were honored. The above photograph shows the past presidents in attendance at the dinner. Standing, left to right, Clifford H. Ottenheimer, Wm. J. McBrian, Wm. D. Upton, George H. Greene, John H. Thrush. Standing, left to right, John F. O'Connor, O. L. Ulrich, Earl E. Eagleston, A. L. Podrasnik, Melville C. Hill, William Hazzard, O. M. Phillips.

## National Institute Activities

South Bend—Closing its first term's activities, the South Bend Chapter presented certificates to the students who completed the course in Credits and Collections. All of them are registered with the NIC. They include: Gene R. Clouse, Henry Weis Mfg. Co.; George Van Bruaene, South Bend Lathe Works; Bernice Scovill, Max Adler Co.; Nellie Morris, George Wyman and Co.; John W. Glenton, Peltz-Kaufer Co.; Kenneth A. Ball, South Bend Ass'n of Credit Men; Raymond F. Lantz and W. E. Case, Ash-Bradford, Inc.; F. C. Strandbert, The Ridge Co.; Raymond J. Zielinsky, Pittsburgh Plate Glass Co.; C. S. Haffner, South Bend Bait Co.; John McNaughton, Ridge Co., and Howard R. Goodhew.

Waterloo—Under the instructorship of D. C. Whitmore of Mid-Continent Petroleum Corp., the Waterloo Chapter's course in Analysis of Financial Statements was completed in April by 9 local students. They included: Ralph Andrews, R. L. Kilgore, Robert Pritchard, F. F. Struthers, E. A. Zilmer, LeRoy E. Hieber, Robert L. Morris, Gordon A. Spry, D. L. Wenthe. By completing the course, Mr. Hieber fulfilled the requirements for the Associate award of the NIC.

Pittsburgh—The fourth annual banquet of the Pittsburgh Chapter NIC was held June 2, at the Fort Pitt Hotel with Dr. Herbert L. Spencer speaking on "Training for Victory and Peace." Dr. Spencer is President of Pennsylvania College for Women. Chapter members who qualified to receive Fellow keys at the banquet were: James R. Mercer, Robert V. O'Neill, Arthur M. Sargeant, J. A. Swaney, Fred R. Swirsding and David R. Wilson. Twenty other Chapter members are holders of the NIC Fellow awards.

R. L. Heckman of the Pittsburgh Coal Co. has served as President of the Pittsburgh Chapter during the 1941-1942 session and the Credit Education Committee

is headed by M. V. Johnston, Gulf Oil Corporation.

Kalamazoo—Fifteen students completed the course in Credits and Collections conducted by the local Chapter NIC. They included: D. S. Vosler, Consumers Power Co.; Peter Picket, Jr., Consumers Power Co.; Robert Shields, Kalamazoo Creamery Co.; Earl Clason, Robert Thompson, E. E. Meader and E. L. Sherk of Kalamazoo Vegetable Parchment Co.; E. P. Schneider, Irving L. Bean, and Miss Katherine Day of E. J. Kelly Co.; Harry D. Barney and Millard Bowersox of Allied Paper Co.; D. K. Crittenden, General Electric Supply Co.; Floyd L. Miller, Kalasign Co. of America; and John I. Hayward, Kalamazoo Gazette.

Shreveport—Under the instructorship of J. G. O'Brien, Vice Pres. and Trust Officer of the Commercial National Bank, thirteen students in the local Chapter NIC completed the course in Financial Statement Analysis in May. They included: W. O. Gwin, Lee Dry Goods Co.; A. E. Hayden, Frost Lumber Industries; Leo E. Jones, Arkansas Fuel Oil Co.; Lee F. Drake, Shreveport Long Leaf Lumber Co.; J. E. Lomax, Pelican Well Tool Supply Co.; A. A. Mangum, Arkansas Fuel Oil Co.; W. L. Murdock, Shreveport Wholesale Credit Men's Ass'n; Perry L. Neeley, Magnolia Packing Co.; Charles W. Owens, Jr., Allen Millwork Mfg. Co.; W. E. Redding, Morris & Dickson Co.; Frank E. Stephenson, Arkansas Fuel Oil Co.; Todd Y. Tillman, Ohio Oil Co.; and J. A. B. Smith, Shreveport Wholesale Credit Men's Ass'n.

Richmond—At the May meeting of the Richmond Chapter NIC the following Officers and Directors were elected for the year ending May, 1943: W. Bernard Whaley, Pres.; S. C. Butler, Vice Pres., in charge of programs; R. S. Tyree, Vice Pres., in charge of membership; Mrs. Louise E. Brown, Sec'y and Treas.; Miss Rhoda Wilkinson, Ass't Sec'y; R. C. Lackey, Director-Publicity; R. E. Cowherd, Director-Auditor; Miss Olivia B. Daniels, Director-Education.

## Baltimore Elects New Officers

**Baltimore:** Two important credit functions took place here on May 21. The 45th annual meeting and banquet of the Baltimore ACM was held at the Lord Baltimore Hotel, with Roy A. Foulke of Dun & Bradstreet as guest speaker. Officers for the current year were chosen as follows: Pres., V. T. Douglas of Procter & Gamble Dist. Co.; 1st Vice-Pres., H. F. B. Kerr of R. W. Norris & Sons; 2nd Vice-Pres., Arthur L. Franklin of Pittsburgh Plate Glass Co.; and Treas., P. E. Belt, of Crane Co.

At the same time the Credit Fraternity of Baltimore was holding its seventh annual meeting under the leadership of Pres. Oliver C. Shipley. A feature of the session was the presentation of certificates to 15 graduates of the class in Mercantile Credits. Officers of the Credit Fraternity of Baltimore for the current year are: 1st Vice-Pres., Walter M. Baggs of Cherry Burrell Corp.; 2nd Vice-Pres., W. Kemp Walker, Ditch-Bowers & Taylor, Inc.; Sec. John L. Knott, J. H. Filbert, Inc.; and Treas., O. E. Hickman, Baltimore ACM.

## N. Y. Women Raise Own Aid Fund

**New York:** The New York Credit Women's Group wound up a very successful and active season with a luncheon and bridge party at the Hotel Sheraton, on June 13th. A sizeable sum was raised for establishing a fund for the use of any unemployed member of the Credit Women's Club.

This fund does not compete in any way with the Credit Fraternity Fund of New York but it has been found in the past that a little money which might be made available might help some unemployed members.

## Albany Names New Officers

**Albany:** At the annual meeting of the Eastern New York Association of Credit Men held here on May 21 the following officers were elected for one year beginning June 1, 1942: Malcolm S. Kelley, Pres.; Elton P. Huych, Vice Pres.; John S. Wood, Treas.; and Donald M. Terry, Sec'y.

**Cincinnati:** The Annual Steak Fry and Hay Ride of the Cincinnati Chapter NIC was held on Saturday, June 13, at the Handle Bar Ranch. The Chapter reports three new members added to its roster and also that three members are to get University scholarships this year.

**Binghamton:** The new officers of the Triple Cities Credit Women's Club are Juanita Donahue, president; Lucille Mielke, vice president; Tess Burke, treasurer; Effie Leitch, secretary; and Ruth Buckley, councillor.

## Golieb Honored By N. Y. Alumni

David E. Golieb, one of the founders of the New York Chapter NIC, and Chairman of its Board of Directors, was presented with an engrossed sheepskin scroll making him honorary President and a life member



Mr. Golieb

Golieb by Frederic J. Lanning of Motor and Equipment Mfgs. Ass'n in his post as President of the Alumni Association. Mr. Golieb has also served in many Association posts, and during 1928-1930 was President of the New York Credit Men's Ass'n.

of the Alumni Association of the Chapter at its annual banquet at the Hotel Pennsylvania on May 26. Mr. Golieb is Treasurer of the International Handkerchief Mfg. Co., Inc. The scroll which was signed by the Alumni Council and all members of the Alumni Association was presented to Mr.

## Zebraffairs

**Detroit:** John Collins has been named exalted superzeb of the Detroit Herd of Zebras. In a recent bulletin to members he outlined their program of entertainment during the summer and also plans for intensive activities during the early fall months.

**Toledo:** The Zebras held their first golf tournament of the season on June 25th at the Chippewa Country Club. It is planned to have several of these get-together tournaments during June, July and August.

**Milwaukee:** The Milwaukee Herd of Zebras held a wind-up initiation on June 26th, at the Wisconsin Hotel. Eight "quags" were branded as zebras. The Milwaukee herd plan one or two social sessions during the summer vacation.

## J. C. Hoffman of Detroit Named Major in Army

**Detroit:** Promotion of Captain J. C. Hoffman, Quartermaster Corps to the rank of major was announced at the headquarters of the New Orleans Port of Embarkation where he has been on duty since November. He was formerly with sales and credit departments of Huron Portland Cement Company and is identified with the Detroit Association of Credit Men, having served as a Director.

## Association Activities

**Waterbury:** The annual conference of the Connecticut Association of Credit Men was held at the Waterbury Country Club on June 9th. An excellent program of discussions was presented throughout the day. Henry H. Heimann, Executive Manager of the National Association of Credit Men, was among the speakers.

**Austin:** M. O. Rester, Credit Manager of Tips Engine Works, was elected President of the Austin Whol. CMA at the annual election meeting held recently.

Other officers elected were: Vice-Pres., Eric Magnuson, Milstead Co.; Treas., Eugene C. Bartholomew, Austin National Bank; Sec.-Mgr., Horace C. Barnhart.

F. W. Posey and Horace C. Barnhart made reports of the NACM Credit Congress which they attended as delegates.

**Minneapolis:** At the annual meeting of the Minneapolis Association of Credit Men, E. C. Carlson, McKesson Robbins, Geo. D. McConnell, Munsingwear, Inc., and S. M. Corbell, Gamble Robinson, were elected directors.

The Legislative Committee of the Association is already active and beginning study and laying groundwork for the introduction of items of legislation in the State Legislature which convenes this fall. One of these items is an Act to regulate the assignment of accounts receivable as patterned after the law of the State of Ohio.

National Director John Ledbetter, Blanche Scanlon, Nash Coffee, a member of the National Credit Women's Executive Committee, and Councillor Ben Schwarz reported on the Convention. Brace Bennett, secretary-treasurer, was the speaker and his subject was "Where Do We Go From Here."

**St. Paul:** Walter T. Miller, Twin City Wholesale Grocer Co., was named president of the St. Paul Association of Credit Men at the annual meeting on May 26th. G. L. Johnson, Farwell, Ozmun, Kirk Co., was elected vice president. New directors elected were John H. Cooper, Webb Publishing Co., H. T. Anderson, Scully Steel Products Co., Gunder Johnson, Mutual Dealers Wholesale, Inc., L. M. Nelson, Northern Jobbing Co., and A. L. Peters, First National Bank.

**Cincinnati:** The annual picnic of the Cincinnati Association of Credit Men will be held on July 11th at Ash Grove on Winton Road. Irvin Stumborg heads a committee preparing plans for this annual event.

**Cleveland:** The annual outing of the Cleveland Association of Credit Men was held at Nela Park on Wednesday, June 17th. The baseball game and program of outdoor sports was featured during this annual outing.

**Philadelphia:** The new official staff of the Credit Men's Association of Eastern Pennsylvania headed by H. E. Rhell and



Vice Presidents James V. Marron, Howard V. Milbourne, A. E. Southgate and Robert P. Dean was inaugurated during a moonlight cruise down the Delaware on Monday evening of June 29th. The entertainment committee, headed by C. B. Weidman worked out an interesting program of dancing and special entertainment for the occasion.

**Cincinnati:** The Board of Directors of the Cincinnati Association elected the following officers at its organization meeting early in June: Arthur L. Moler, Fifth-Third Union Trust Co., president; J. A. Nickerson, Jos. T. Ryerson & Sons, Inc., vice president; C. C. Miller, Hotel Gibson, vice president; John G. Gutting, Second National Bank, treasurer; Harry W. Voss, secretary.

An interesting incident connected with the official family of the Cincinnati Association is that both J. A. Nickerson and C. C. Miller are proud fathers of twins, Mr. Nickerson having twin boys about 18 months old and Mr. Miller being the papa of twin girls born the week after the National Convention.

**Binghamton:** Carlton Kohnstam, of Babcock, Hinds & Underwood, will serve as president of the Triple Cities Association of Credit Men for the ensuing year. Other officers elected at the annual meeting on June 12th were Thomas A. Scalse, Chas. Millar & Son Co., 1st vice president; John B. Denton, Agfa Ansco Corporation, 2nd vice president; Lawrence A. Doyle, Rosenthal & Rubin, treasurer; Bess R. Havens, First National Bank, acting secretary; Chas. J. Pierson, Pierson Brothers, councillor.

**Omaha:** At the Annual Meeting held on Thursday evening, H. C. Zimmerman, Baker Manufacturing Company was elected President; B. W. Stauffacher, Westinghouse Electric Supply Company, first Vice President; M. C. Lamb, Storz Supply Company, second Vice President; Gus P. Horn, Executive Manager.

The following Directors were elected for a term of three years:

H. C. Zimmerman, Baker Manufacturing Company; B. W. Stauffacher, Westinghouse Electric Supply Company; S. J. Wirtz, Omaha National Bank; H. R. Burke, Eggers-O'Flynn Company; F. H. McCall, Fairmont Creamery Company.

Preceding the election members of the Association listened to an address by Mr. Wymer Dressler, General Council for the Northwestern Railroad Company on "Post-War International Trade."

Mr. Dressler presented members present with a plan for a treaty governing Post-War International Trade. This plan was submitted to officials at Washington and our Allies as a recommendation toward eliminating the principal cause of war, namely international trade.

**St. Louis:** H. E. Bucher, Graybar Electric Company, Inc., is new president of the St. Louis Association of Credit Men. Vice presidents are O. E. Dede, Krey Packing Company, G. W. Pitcher, Knapp-Monarch

Company, and V. C. Eggerding, Gaylord Container Corporation. Fred J. Blum, of the Midwest Piping & Supply Co., Inc., is president of the Adjustment Bureau. The 7th annual picnic and family outing will be held on July 18th at Funk's Grove, Grover, Missouri.

**Cleveland:** The Credit Women's Club of the Cleveland Association of Credit Men met on Tuesday, June 9th, at the Stouffer's Restaurant. "Convention Echoes" was the subject of the meeting, the delegates reporting on the activities of the credit women at the Cincinnati Convention. Another feature of the meeting was the drawing for the Credit Women's Scholarship. Members attending the dinner meeting were eligible for the drawing.

**Toledo:** Members of the Toledo Association mourn the death of Clarence Williams who was president of the local Association in 1926. Mr. Williams had been in failing health for some time.

**St. Paul:** Members of the St. Paul Association and many in the northwest trading area mourn the death of Charles D. Maclaren, former bureau manager of the St. Paul Association. Mr. Maclaren died on June 15th after a short illness from pneumonia.

## Moylan Is Named Assistant Treasurer of American Steel & Wire

**Chicago:** John N. Moylan, widely known in National Association of Credit Men circles, as credit manager of the American Steel & Wire Company, Chicago, has been elected an assistant treasurer of the company. Mr. Moylan has been in the employ of this company since May 1898 when he started as a clerk in the credit department in Chicago. He became Credit Manager in October 1929. Mr. Moylan will continue as the head of the credit department. Walter V. Farr has been named credit manager and Wm. S. Wagenhals will continue as assistant credit manager.

## Chicago Changes Name of Defense Committee

**Chicago:** In keeping with the times, the title of the National Defense Committee of The Chicago Association of Credit Men has been changed to the "War Activities Committee." Under the direction of this committee a meeting of the members of the Association was scheduled for Thursday evening June 18 to be addressed by C. L. Christenson of the Chicago office of the Office of Price Administration, to discuss price ceilings.

## Aids in Navy Relief

**Chicago:** Harvey T. Hill, Secretary of The Chicago Association of Credit Men, has been in charge of the raising of funds for the Navy Relief Society by the Chicago Citizens Committee, and reports that the total of Chicago's contribution to Navy

Relief will exceed \$600,000 which is practically double the quota assigned at the start of the campaign. Mr. Hill's particular work has been with the Industrial Division of the campaign.

## New Seattle Prexy Urges Need for NACM During War Times

**Seattle:** Frank E. Jerome, President-Elect of the Seattle Association of Credit Men, on assuming his new duties recently urged Credit Men both in Seattle and elsewhere to bend every effort to keep our National Association on a high standard in these trying war times. Continuing, Mr. Jerome said:

"The mere thought of world conditions and the part our nation and our organization must play creates a challenge which cannot be accepted lightly; rather should it be accepted with courage and in the spirit of serving which has been exemplified by our Association since its origin.

"Now that the largest purchaser of goods in the country is the United States Government and the extension of other credits is, in a measure, controlled by priorities, rationing or other factors relating to the war effort, the normal and accepted duties of the credit men are seriously being affected and changed.

"Our Association has already demonstrated how flexible it can be in its operations in keeping abreast with the changing business world. Since Pearl Harbor it has handled many complicated and interesting problems directly connected with the internment of aliens and the evacuation of the Japanese population. Little do we know what lies ahead, but no matter what the postwar world is like, it will not be difficult to find a place in that world for men and organizations who know how to master the problems confronted today.

"Leadership has never been a task of the President alone. During the years past we have had outstanding leadership—men who have given unselfishly of their time and effort. This is reflected in the splendid organization and the excellent financial position we have maintained. To perpetuate the high standards of this Association, so that it will be here when we most need it after the present emergency, will take the help and co-operation of all of our members."

## E. V. Kidd is New South Bend Pres.

**South Bend:** The annual Spring Frolic of the South Bend ACM was held on June 11, featured by election of officers and presentation of NIC certificates by C. L. Haffner, Educational Chairman. Golf and bridge tournaments in the afternoon were followed by a cocktail hour and chicken dinner, after which there was dancing.

The new officers for the current year are: Pres., Eugene V. Kidd, Studebaker Corp.; 1st Vice-Pres., Wm. T. Bell, Bantam Bearings Corp.; Sec.-Treas. and Exec. Mgr., Kenneth A. Ball; and Counsellor, J. R. Storey, South Bend Elec. Co.

(Continued from page 15)  
tained in the policy does not apply to dwellings or farm properties, nor to certain other types of properties described in the WDC regulations, but the effect of this "Coinsurance" clause is to assess equitably the cost of the insurance. The following is one illustration:

Value .....\$10,000  
Insurance required by  
(50%) Coinsurance  
Clause ..... 5,000  
Insurance actually carried. 5,000  
Loss ..... 1,000

In this case, the property owner has carried sufficient insurance to comply with the 50% "Coinsurance" clause and, therefore, the loss of \$1,000 would be paid in full.

The following is another illustration:

Value .....\$10,000  
Insurance required by  
(50%) Coinsurance  
Clause ..... 5,000  
Insurance actually carried. 2,500  
Loss ..... 1,000

In this case, since the property owner has carried only one-half of the required amount of insurance, he would collect but one-half of his loss. The property owner would then recover only 50 per cent of his loss, or \$500.

## Position Wanted

Position Open: A nationally-known food company is looking for an assistant credit manager, preferably one with experience in food industry. Must have ability to handle credit problems without supervision. If interested write giving detailed account of experience, age and salary expected. Write Box AB-3.

Position Wanted: Thoroughly qualified Credit Executive or Assistant to Financial Officer. Expert knowledge of Domestic and Foreign Credits, excellent knowledge of General Accounting and a good organizer of departmental operations and routines. Probably draft-free A/C age (51). Refer Box No. G-1.

Young man, 25, single, draft exempt; 4½ years experience in wholesale credits and collections, stationery and tobacco line; some retail experience, college. Desires position as a Credit Executive's assistant in a large progressive organization; locality unimportant. Write Joseph O. Schwalb, 71-77 66th Drive, Middle Village, L. I., New York.

Treasurer-Comptroller or Credit Executive. With unusual background of experience would be interested in a permanent connection only, with an aggressive concern seeking the services of an ambitious executive of proven ability. Age 45. Married. Address Box G-2, Credit and Financial Management.

CREDIT—OFFICE MANAGER—ACCOUNTANT, Assistant Treasurer. Years' varied experience—background Electrical, Beverage, Rubber, Gasoline and Oil, Paints and Wall Paper. Accustomed to heavy responsibilities. Mature judgment, initiative, loyalty, with the ability to accomplish tasks set before him. Age 55—buoyant health. Go anywhere; for full information address Box G-3, Credit and Financial Management.

# Business Thermometer

## Wholesalers' Sales, Inventories, and Credit May 1942

An average increase in sales of 7 percent for May, 1942, compared with the same month a year ago was recorded for wholesalers, according to an announcement released today by J. C. Capt, Director of the Census. Increases registered for each of the first five months of this year compared with corresponding months a year ago have lessened each month, declining gradually from 37 percent for January to 23 percent for April, and falling off sharply to 7 percent for May, the lowest increase recorded by this series for any month compared with a year ago in the past eighteen months. A loss in sales of 9 percent occurred between the months of April and May, by far the largest decrease recorded between these months in the past five years.

This monthly study is conducted jointly by the National Association of Credit Men and the Bureau of the Census. Detailed figures are presented in the following tables in summary for the United States, and insofar as the data permit without disclosing individual operations, by geographic divisions.

Twenty-seven of the 35 trades for which separate statistics are presented in this report showed increases in May, 1942, sales compared with the same month a year ago,

ranging from 1 to 54 percent. Meats and meat products wholesalers' sales continued to maintain a high level with a gain of 54 percent, only slightly less than the gain of 60 percent recorded for April, 1942, compared with April, 1941. Most non-durable goods lines showed moderate to substantial improvements in dollar sales for May, 1942, compared with a year ago, although generally less than the increases registered for April of this year over April, 1941. Sales of clothing and furnishings (except shoes) wholesalers were up 15 percent; shoes and other footwear, 10 percent; drugs and sundries (liquor excluded), 9 percent; dry goods, 25 percent; fresh fruits and vegetables, 17 percent; confectionery, 25 percent; and tobacco and its products, 4 percent. Sales of groceries and food (except farm products) wholesalers were off 2 percent; farm supplies, 4 percent; and paints and varnishes, 14 percent. Dollar sales gains for May, 1942, over May, 1941, were registered for all but three of the durable goods trades for which separate data are presented in this report. Sales of furniture and house furnishings wholesalers were up 8 percent; industrial supplies, 13 percent; plumbing and heating supplies, 4 percent; jewelry, 2 percent; lumber and building materials, 20 percent; and machinery, equipment and supplies (except electrical), 5 percent; while automotive supplies, electrical goods, and metals were off 7 percent, 9 percent and 20 percent, respectively.

Inventories, in terms of dollars based on cost values, at the close of May were down 3 percent compared with April, continuing the month-to-month decline which first manifested itself at the close of April. (From January, 1941, to March of this year, inventories at the close of each month were higher than those at the beginning.) Inventories at the close of May, 1942, compared with a year ago were up 12 percent as against the 16 percent increase in dollar volume recorded for April and the 25 percent, 24 percent, and 20 percent gains registered for January, February, and March, respectively.

Collections on accounts receivable for May, 1942, were up more than 6 percent compared with collections for May, 1941, but show a slight loss compared with April of this year. The collection ratio for May, 1942, was 82 as against the ratio of 77 for May, 1941, and 83 for April of this year. Accounts receivable were 15 percent greater on May 1, 1942, than at the same date in 1941, as against the increase of 20 percent recorded for April of this year over April a year ago. Accounts receivable were at approximately the same level on May 1, 1942, as at the beginning of April, 1942.

## W. A. Taylor Heads L.A.C.M.A. for 1942-43

Los Angeles: On Friday, June 19, the Los Angeles Credit Men's Association held their annual trade group night and Association election at the Los Angeles Breakfast Club, in Los Angeles.

The eighteen Trade Groups were well represented by members of their firms and friends who gathered to make this one of the most successful meetings of the year. The group met at 6 p. m. for dinner, after which there was election of officers for the ensuing year. This office is happy to announce the election of William A. Taylor, of Arden Farms, Inc., President; Walter T. Lundquist, Pacific Perforating Company, Vice-President; Bryant Essick, Essick Machinery Company, 2nd Vice-President, and R. M. Murchison, California Hardware Company, Treasurer.

Following the election of officers there was dancing and entertainment by Art Whiting and his C. B. S. orchestra.

CREDIT, SALES & FINANCIAL EXECUTIVE: 24 years' experience wholesale and retail paint business handling traffic, wholesale and retail credit, accounting, auditing, sales, office management, priorities and hiring, training and direction of personnel. 43 years old. Location in northern Ohio or Middle West desirable, but opportunity is greatest consideration. Address: Box G-4, Credit and Financial Management.



# WHOLESALESA' sales and inventories, May, 1942

Kind of Business	Sales—Current Month				Sales—Year-to-Date		Inventory—End-of-Month (At Cost)				Stock-Sales Ratios*		
	Number of firms reporting sales	Percent change May 1942 from		May 1942 (Add 000)	Percent change from 5 Mos. 1941	5 Mos. 1942 (Add 000)	Number of firms reporting stocks	Percent change May 1942 from		May 31, 1942 (Add 000)	May 1942	May 1941	Apr. 1942
		May 1941	April 1942					May 1941	April 1942				
Automotive supplies	197	— 7	—12	\$3,772	+15	\$24,368	92	+ 5	— 3	\$4,284	252	205	246
Chemicals (industrial)	18	+13	— 3	1,821	+25	10,088	14	+52	+ 5	1,287	81	64	77
Paints and varnishes	31	—14	— 9	936	+33	14,360	16	+27	+ 8	1,313	195	129	175
Clothing and furnishings, except shoes	44	+15	—27	2,887	+26	18,934	23	+33	+ 8	1,380	199	181	146
Shoes and other footwear	29	+10	—25	6,274	+32	76,385	18	+30	+ 5	6,524	113	96	80
Coal	8	+16	—24	1,668	+27	9,386	—	—	—	—	—	—	—
Drugs and sundries (liquor excluded)	129	+ 9	— 6	19,881	+16	110,511	101	+14	— 1	29,392	189	182	180
Dry goods	98	+25	—14	14,678	+45	84,328	54	+32	+ 8	24,017	239	231	216
Electrical goods	319	— 9	— 9	32,847	+13	188,889	275	— 8	— 4	29,746	97	88	92
Dairy and poultry products	24	+14	— 6	2,219	+29	11,483	12	+27	+36	790	77	66	51
Fresh fruits and vegetables	71	+17	+ 3	5,133	+24	26,772	47	+23	+10	776	28	29	26
Farm supplies	8	— 4	—56	680	+54	6,636	—	—	—	—	—	—	—
Furniture and house furnishings	66	+ 8	—17	7,714	+35	50,072	35	— 2	— 8	8,797	162	181	146
Groceries and foods, except farm products	597	— 2	—10	48,200	+19	332,733	351	+20	— 4	53,060	193	158	180
Full-line wholesalers†	331	+ 1	— 9	22,521	+19	133,661	189	+18	— 4	26,306	198	165	186
Voluntary-group wholesalers	145	— 6	—10	17,243	+17	120,976	97	+18	— 5	19,118	210	169	197
Retailer-cooperative warehouses	18	—12	—18	2,690	+18	21,390	9	+24	— 2	2,760	157	112	134
Specialty lines	103	+ 8	—11	5,746	+25	56,706	56	+33	— 3	4,876	144	125	138
Confectionery	32	+25	— 4	771	+28	3,824	19	+10	—10	325	88	100	96
Meats and meat products	96	+54	— 2	32,623	+60	166,592	62	+24	— 5	6,890	53	57	56
Beer	40	+19	+18	930	+27	4,759	29	+39	+13	335	48	39	50
Wines and liquors	34	— 1	— 6	6,096	+25	32,013	24	+40	— 4	14,019	248	174	242
Liquor department of other trades†	37	+ 5	—10	4,832	+39	28,314	35	+27	— 5	9,500	200	165	190
Total hardware group	366	+ 4	—11	45,346	+30	273,146	234	+ 1	— 3	64,226	198	206	183
General hardware	137	+ 1	—13	26,649	+29	153,908	88	+ 1	— 3	45,745	233	231	209
Industrial supplies	116	+13	— 4	12,968	+33	82,473	77	+ 5	— 3	13,822	143	162	144
Plumbing and heating supplies	113	+ 4	—20	5,699	+31	36,765	69	— 5	— 6	4,656	151	162	128
Jewelry	37	+ 2	— 8	1,816	+19	10,282	22	+12	— 3	2,703	232	217	235
Optical goods	19	+ 9	— 5	275	+17	1,744	9	+19	+ 1	175	154	141	147
Lumber and building materials	47	+20	+ 5	4,754	+22	23,551	34	+ 8	— 8	3,729	102	123	120
Machinery, eqpt. and supplies, except electrical	55	+ 5	+ 2	3,347	+22	22,589	37	+ 8	— 5	4,294	168	182	173
Surgical equipment and supplies	19	+20	— 6	390	+33	6,182	8	+ 8	+ 1	258	237	227	216
Metals	33	—20	— 9	4,229	— 6	30,673	28	—19	— 2	4,295	127	121	122
Paper and its products	93	+ 2	— 5	6,767	+32	43,078	46	+27	+ 3	6,276	173	143	163
Petroleum	11	+ 2	— 1	1,550	+35	86,824	8	+72	+ 1	1,113	83	49	81
Tobacco and its products	145	+ 4	+ 3	13,988	+10	72,192	59	+ 8	— 4	3,656	52	48	55
Leather and shoe findings	12	+20	—12	310	+55	1,701	—	—	—	—	—	—	—
Miscellaneous	23	+ 8	— 8	1,925	+21	12,738	25	+27	+ 6	3,060	150	114	106
United States	2,738	+ 7	— 9	\$278,669	+26	\$1,785,147	1,711	+12	— 3	\$286,220	155	143	146

\* These stock-sales ratios are percentages obtained by dividing stocks by sales for an identical group of firms.

† Less than 0.5 percent.

— Insufficient data to show separately.

‡ Not affiliated with voluntary or cooperative groups.

† Chiefly of the wholesale drug trade.

## WHOLESALESA' accounts receivable and collections, May, 1942

Kind of Business	Number of firms reporting	Collection Percentages*			Accounts Receivable		
		May 1942	May 1941	April 1942	Percent change May 1942 from		As of May 1, 1942 (Add 000)
					May 1941	April 1942	
Automotive supplies	148	77	65	73	— 2	+ 1	\$3,914
Chemicals (industrial)	18	79	81	83	+16	+ 3	2,149
Paints and varnishes	30	55	50	52	+ 4	+ 6	1,679
Clothing and furnishings, except shoes	41	58	58	64	+16	— 1	6,014
Shoes and other footwear	27	55	47	58	+21	—16	12,671
Coal	8	99	78	89	—	—15	2,055
Drugs and sundries (liquor excluded)	117	76	69	75	+ 7	— 3	24,308
Dry goods	87	54	50	56	+32	— 2	26,896
Electrical goods	294	74	81	77	+16	+ 7	43,708
Dairy and poultry products	18	128	126	133	+24	+ 4	1,512
Fresh fruits and vegetables	55	170	160	160	+21	+15	1,284
Farm supplies	5	85	85	98	+37	—25	1,478
Furniture and house furnishings	54	62	54	62	+26	+ 2	12,655
Groceries and foods, except farm products	445	103	97	104	+ 4	— 4	38,343
Full-line wholesalers	233	99	92	99	+ 7	— 3	17,214
Voluntary-group wholesalers	117	108	101	108	+ 7	— 5	13,963
Retailer-cooperative warehouses	14	160	165	168	+ 5	—10	1,475
Specialty lines	81	90	84	92	+15	— 7	5,691
Confectionery	17	75	65	76	+17	— 7	641
Meats and meat products	84	165	169	182	+68	+12	18,131
Beer	14	214	232	219	+29	+13	97
Wines and liquors	27	86	77	83	+ 8	— 3	6,560
Liquor department of other trades	34	74	77	75	+34	— 4	8,868
Total hardware group	340	73	66	72	+11	+ 1	62,418
General hardware	128	71	61	69	+ 6	— 1	38,686
Industrial supplies	103	80	80	84	+21	+ 3	14,349
Plumbing and heating supplies	109	68	63	69	+22	+ 3	9,383
Jewelry	29	34	23	33	— 7	+ 2	3,562
Optical goods	17	71	70	72	+ 6	— 2	327
Lumber and building materials	46	78	75	73	+19	+14	5,661
Machinery, equipment and supplies, except electrical	48	63	60	70	+11	+ 4	4,474
Surgical equipment and supplies	19	57	46	54	+13	— 6	669
Metals	32	112	100	114	—25	—12	3,934
Paper and its products	80	70	64	73	+ 7	— 6	9,124
Petroleum	9	130	127	135	+ 6	+ 1	1,116
Tobacco and its products	96	134	127	129	+ 2	+ 1	8,044
Leather and shoe findings	11	61	67	67	+ 9	— 3	345
Miscellaneous	19	77	71	81	+13	— 1	1,813
United States	2,269	82	77	83	+15	— 1	\$312,345

\* Collection percentages are obtained by dividing the collections by accounts receivable for an identical group of firms.

† Less than 0.5 percent.